

Original

Horizon Surgery
Center

CN1705-014

MAY 11 '17 PM 1:43

May 10, 2017

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

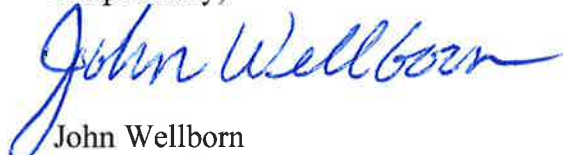
RE: CON Application Submittal
Establishment of an ASTC Limited to Endoscopy
Atoka, Tipton County

Dear Mrs. Hill:

This letter transmits an original and two copies of the subject application. The affidavit and filing fee are enclosed.

I am the contact person for this project. There is no legal counsel of record at this time. Please advise me of any additional information you may need. We look forward to working with the Agency on this project.

Respectfully,



John Wellborn
Consultant

002153 3011 0001

Local News

Bank, national Association.
NOW, THEREFORE, notice is hereby given that the entire indebtedness has been declared due and payable; and that an agent of Wilson & Associates, P.L.L.C., as Successor Trustee, by virtue of the power, duty, and authority vested in and imposed upon said Successor Trustee, by JPMorgan Chase Bank, National Association, will, on or about May 23, 2017, at 11:00 a.m., execute and deliver a deed for Dyer County, Tennessee, conveying certain property therein described to Kerry Webb as Trustee for Mortgage Electronic Registration Systems, Inc., as nominee for Acopia LLC, its successors and assigns; and the undersigned, Wilson & Associates, P.L.L.C., having been appointed Successor Trustee by JPMorgan Chase Bank, National Association.

CORDOVA-178 WOOD MILLS DR. - Sat. 8-4pm & Sun. 12-4. Moving Sale! Everything but furniture, \$1. Bookshelves, computer, pool table, couch/chairs, records

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Legal Notices

Legal Notices

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8"x12" Tex. Siding.....\$4.95

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NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED
This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Baptist Memorial Hospital, Hospital owned by itself with an ownership type of Corporation and to be managed by itself intends to file an application for a Certificate of Need for: construction and establishment of a satellite Emergency Department to be operated under the license of Baptist Memorial Hospital. The proposed new facility will have 8 treatment rooms and will include various supportive services such as CT, X-Ray and ultra-sound. Baptist Memorial Hospital is located at 6019 Walnut Grove Road, Memphis, Shelby County, Tennessee 38120. The building containing the proposed satellite emergency facility and other community-based health services will be located North of the intersection of Interstate 40 and Airline Road on the east side, in Arlington, TN, 38002. This project does not involve additional inpatient beds, major medical services or initiation of new services for which a certificate of need is required. The total project cost for purposes of the certificate of need application is estimated at \$10,016,611.

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The anticipated date of filing the application is: May 15, 2017. The contact person for this project is Arthur Maples Director Regulatory Planning and Policy who may be reached at: Baptist Memorial Health Care Corporation 350 N. Humphreys Blvd Memphis TN 38120 901-227-4137
Upon written request by interested parties,
a local Fact-Finding public hearing shall be conducted.
Written requests for hearing should be sent to:
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243
The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency. HF50 (Revised 01/09/2013 - all forms prior to this date are obsolete)

The anticipated date of filing the application is: May 12, 2017. The contact person for the project is John Wellborn, who may be reached at: Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215; (615) 665-2022
Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243
Pursuant to TCA Sec. 68-11-1607(c)(1): (A) any health care institution wishing to oppose a Certificate of Need application must file a written objection with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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MAY 11 '17 PM 1:43

**CERTIFICATE OF NEED APPLICATION
FOR AN
AMBULATORY SURGICAL TREATMENT CENTER
LIMITED TO ENDOSCOPY
IN
ATOKA, TIPTON COUNTY**

Submitted May 2017

CERTIFICATE OF NEED APPLICATION

SECTION A: APPLICANT PROFILE

1. Name of Facility, Agency, or Institution

Horizon Surgery Center

Name

340 Atoka McLaughlin Drive, Suite B

Street or Route

Tipton

County

Atoka

City

TN

State

38004

Zip Code

NA--not an existing facility

Website Address

2. Contact Person Available for Responses to Questions

John Wellborn

Name

Consultant

Title

Development Support Group

Company Name

jwdsg@comcast.net

E-Mail Address

4219 Hillsboro Road, Suite 210

Street or Route

Nashville

City

TN

State

37215

Zip Code

CON Consultant

Association With Owner

615-665-2022

Phone Number

615-665-2042

Fax Number

NOTE: **Section A** is intended to give the applicant an opportunity to describe the project. **Section B** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and Quality Measures. Please answer all questions on 8.5" X 11" white paper, clearly typed and spaced, single-sided, in order and sequentially numbered. In answering, please type the question and the response. All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed and signed notarized affidavit.

3. Executive Summary

a. Overview

Please provide an overview not to exceed three pages in total, explaining each numbered point.

(1) Description (Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant.)

The project is the establishment of a one-O.R. single-specialty ambulatory surgery center limited to gastroenterology, referred to in this application as “Horizon Surgery Center”, or “the Surgery Center”, or “HSC”.

The project site is in Atoka, in Tipton County north of Memphis. Atoka is in a growing area near Millington, north of Memphis. Atoka is on U.S. Highway 51, the major roadway connecting Memphis to Dyersburg and other points north.

The preliminary design is for a 2,280 SF facility, developed by renovation of existing office building space that adjoins the private practice office of Dr. Muhammad Siddiq, an established gastroenterologist in the service area. Dr. Siddiq’s practice is Horizon Gastroenterology and Neurology. The practice office occupies Suites C and D of a one-story building; Horizon Endoscopy Center is proposed for Suite B of the building. Dr. Siddiq will be the only gastroenterologist initially performing surgical cases in the proposed Horizon Endoscopy Center. He is the only owner of the entity filing this application.

The proposed facility will consist of one surgical room and related support spaces required for licensure and for efficient operation. Those spaces will include a reception and waiting area, four pre- and post-operative stations, a nursing station, an operating room, linen rooms, an endoscope cleaning room, patient and staff bathrooms, a staff lounge and locker area, a business office, and mechanical/electrical spaces. A door between the practice office and the medical practice office will facilitate staff and patient movement between the two areas.

Table Section A-3-a(1): Construction Costs of This Project			
	Renovated Construction	New Construction	Total Project
Square Feet	2,280 SF	0	2,280 SF
Construction Cost	\$437,760	0	\$437,760
Constr. Cost PSF	\$192 PSF	0	\$192 PSF

The Horizon Endoscopy Center will be available for scheduling endoscopy cases from 7 am to 4 pm, Monday through Friday, throughout the year. Calendar year 2019 is projected to be its first full calendar year of operation. It will have an open medical staff; but initially it will be used by only Dr. Siddiq, whose practice office adjoins this project’s space.

(2) Ownership Structure

The facility will be owned by, and licensed to, Horizon Surgery Center, LLC, whose only member is Dr. Muhammad Siddiq. He does not own any interest in any licensed healthcare facility in Tennessee.

(3) Service area

The primary service area will consist of five counties, four of them rural and one of them urban. The four rural primary service area counties are Tipton, Dyer, Haywood, and Lauderdale Counties. All of them are on, or near, Highway 51 that runs between Memphis and the Kentucky State Line to the north. The only urbanized primary service area county is Shelby County. A map of the service area is provided on the following page.

(4) Existing similar service providers

In the four-county rural primary service area there is one ophthalmology surgery center, but no other licensed ambulatory surgical treatment center. An unknown number of endoscopic procedures are performed in the three hospitals located in the service area: Dyersburg Regional Medical Center (Dyer County); Baptist Memorial Hospital-Tipton (Tipton County); and Lauderdale Community Hospital in Ripley (Lauderdale County).

In Shelby County, in the urban primary service area, there are an abundance of ambulatory surgery centers and hospitals, but only five of these perform gastroenterology cases and could be accessible to the applicant's significant TennCare caseloads.

(5) Project cost

The cost for CON purposes is estimated at \$1,108,764. However, that includes the market value of the shell space being leased for the project. Excluding that, the actual capital cost of this project is estimated at \$906,364.

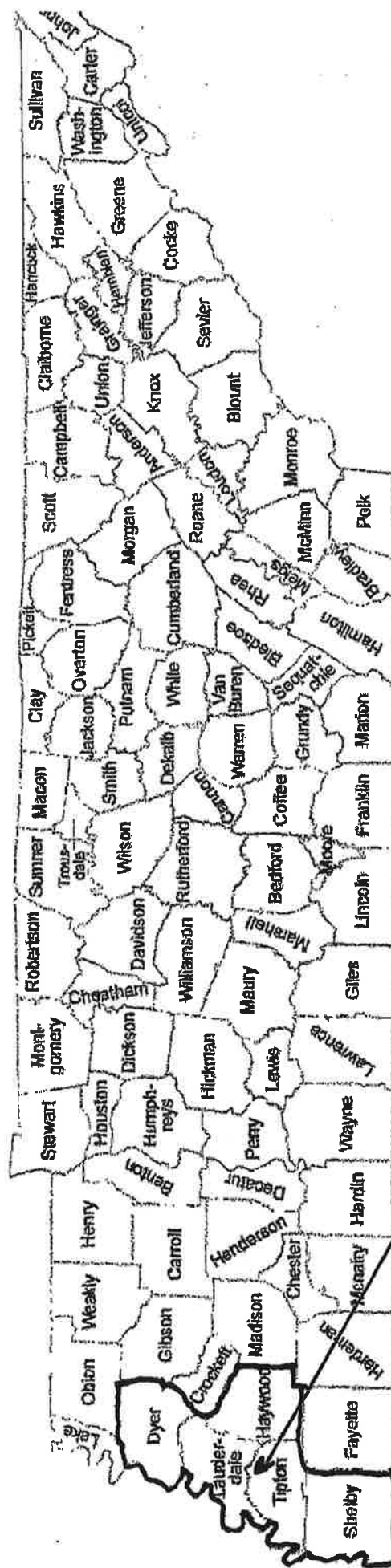
(6) - (7) Funding and Financial Feasibility

Full project funding of the actual project cost is available in the form of a loan from IberiaBank of Memphis. The lender's letter is provided in the Attachments to the application.

The Horizon Endoscopy Center is projected to operate with a positive cash flow and financial margin in Years One and Two, CY2018-2019.

(8) Staffing

The facility will require 2.78 FTE's in its first year of operation. This will include RN's, surgical techs, and endoscopy techs.



**HORIZON ENDOSCOPY CENTER
PROJECT SERVICE AREA**

b. Rationale for Approval

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B of this application. Please summarize, in one page or less, each of the criteria.

(1) Need

The need for this practice-based endoscopy center for Dr. Siddiq's patients is based on two factors.

First, it will improve rural patients' physical accessibility to endoscopic surgery. There is not a freestanding endoscopic surgery center, or a multispecialty ambulatory surgery center, in this large four-county area that extends many miles north of Memphis. There is one private eye surgery center in Dyer County at the north end of the service area. This project will put an endoscopic surgery center in Tipton County, where it will be closer to rural patients who currently have to use Memphis surgery centers or more expensive hospital-based O.R.'s in their rural areas.

Several Memphis-based gastroenterologists drive into the service area to see patients in clinics, several days of the month. However, many of those patients are taken back to these physicians' own endoscopy centers in Memphis for endoscopic surgical procedures they are found to need. If those surgical patients had the option of an endoscopic surgery center within the service area, they could save significant inconvenience and drive time by obtaining endoscopies locally.

The second reason the project is needed is that it will reduce the cost of care for endoscopic surgery patients now utilizing hospital operating rooms or hospital outpatient departments in the service area. Endoscopy patients who are not taken to Shelby County surgery centers are having their procedures performed in service area hospitals. Hospital reimbursement for endoscopic surgery is approximately 40% higher than ambulatory surgery center reimbursement for the same procedures. In addition, some of the area's hospitals are not optimal settings for Dr. Siddiq's patients due to understaffing, scheduling interruptions, limitations on how many cases he can schedule, and other problems.

Area patients' ease of service and/or costs for care, and Dr. Siddiq's productivity, would be improved by allowing this private-practice-based endoscopy center to serve them locally and efficiently.

(2) Economic Feasibility

The applicant projects a positive cash flow and operating margin in Year Two and thereafter. The applicant can achieve this with competitive gross charges and a significant payer mix of TennCare patients.

(3) Appropriate Quality Standards

The facility will be licensed and accredited. It will comply with all requirements of the Board for Licensing Health Care Facilities. It will seek accreditation from the AAAHC (Accreditation Association for Ambulatory Healthcare).

(4) Orderly Development of adequate and effective health care

The project reflects Dr. Siddiq's orderly development of a gastroenterology practice serving an increasing number of patients from north of Shelby County. This process began with his opening an office in Tipton County three years ago, while keeping his Memphis office open. This proposed endoscopic surgery center in Tipton County will complete the scope of his care in this service area, by providing to both his rural patients and to Dr. Siddiq a cost-effective, efficient alternative to commuting into Memphis to perform endoscopy procedures.

For more than 20 years, Tennessee has seen outpatient endoscopic surgeries steadily migrating from the hospital setting to the ambulatory surgery center setting--especially to dedicated single-specialty endoscopic surgery centers constructed adjacent to the practice offices of gastroenterologists who perform those procedures.

This has improved patient convenience and physician productivity, and has reduced costs paid by insurers and by Medicare. The CON Board has approved many such private practice-based endoscopy centers across Tennessee, with little or no opposition from other facilities. There are now at least 26 single-specialty endoscopic ambulatory surgical treatment centers licensed in Tennessee.

This proposed facility is consistent with that history of favorable CON Board decisions. It is especially needed within the rural service area between Shelby County and Kentucky, where residents do not yet have such a convenient and cost-effective option.

c. Consent Calendar Justification

If consent calendar is requested, please provide the rationale for an expedited review. A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

Not applicable. Consent calendar review is not requested.

SECTION A (CONTINUED): PROJECT DETAILS

4.a. Owner of the Facility, Agency, or Institution

Horizon Endoscopy Center, LLC	901-828-6893	
<i>Name</i>	<i>Phone Number</i>	
340 Atoka McLaughlin Drive, Suite D	Tipton	
<i>Street or Route</i>	<i>County</i>	
Atoka	TN	38004
<i>City</i>	<i>State</i>	<i>Zip Code</i>

b. Type of Ownership or Control (Check One)

A. Sole Proprietorship	<input type="checkbox"/>	F. Government (State of TN or Political Subdivision)	<input type="checkbox"/>
B. Partnership	<input type="checkbox"/>	G. Joint Venture	<input type="checkbox"/>
C. Limited Partnership	<input type="checkbox"/>	H. Limited Liability Company	<input checked="" type="checkbox"/>
D. Corporation (For-Profit)	<input type="checkbox"/>	I. Other (Specify):	<input type="checkbox"/>
E. Corporation (Not-for-Profit)	<input type="checkbox"/>		

Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the TN Secretary of State's website <https://tnbear.tn.gov/Ecommerce/FilingSearch.aspx>.

See Attachment Section A-4A.

Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.

The proposed facility will be owned by Horizon Endoscopy Center, LLC, all of whose membership interests are owned by Dr. Muhammad Siddiq. No other entity owns any interest in the facility. Dr. Siddiq owns no interest in any licensed healthcare facility in Tennessee.

5a. Name of Management/Operating Entity (If Applicable)

Not Applicable. The facility will be member-managed.

Name

Street or Route

County

City

State

Zip Code

Website Address

For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract.

Not applicable. The facility will be member-managed.

6a. Legal Interest in the Site of the Institution (Check One)

A. Ownership		D. Option to Lease	
B. Option to Purchase		E. Other (Specify):	
C. Lease of 67 Months (5 yrs 4 mos)	X		

Check appropriate line above: For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements must include anticipated purchase price. Lease/Option to Lease Agreements must include the actual/anticipated term of the agreement and actual/anticipated lease expense. The legal interests described herein must be valid on the date of the Agency's consideration of the certificate of need application.

See Attachment Section A-6a.

6b. Attach a copy of the site's plot plan, floor plan, and if applicable, public transportation route to and from the site, on an 8.5" X 11 sheet of white paper, single-sided. Do not submit blueprints. Simple line drawings should be submitted and need not be drawn to scale.

(1) Plot Plan must include:

- a. Size of site (in acres);
- b. Location of structure on the site;
- c. Location of the proposed construction/renovation; and
- d. Names of streets, roads, or highways that cross or border the site.

See Attachment Section A-6b-1.

(2) Attach a floor plan drawing for the facility, which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8.5" X 11" sheet of paper or as many as necessary to illustrate the floor plan.

See Attachment Section A-6b-2.

(3) Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

Atoka is located in Tipton County, on U.S. Highway 51, which connects Memphis to Union City. U.S. 51 runs northeast through the westernmost counties of Tennessee that border the Mississippi River, which are Shelby, Tipton, Lauderdale, and Dyer Counties. It is also close to Haywood County, which adjoins Tipton County. Atoka is an ideal location from which to serve the needs of endoscopy patients from both rural and urban West Tennessee counties along or near Highway 51.

The project's rural primary service area consists of Tipton, Dyer, Lauderdale, and Haywood Counties, all of which are within an appropriate drive time for an ambulatory surgery center. Memphis is the project's only urban primary service area county. The average drive time between the project site in Atoka and major communities in these five counties is 34 minutes.

There is no municipal bus service to the project site. Patients will arrive by private vehicle.

Table A-6-b(3): Mileage and Drive Times Between Atoka (Project Site) and Major Communities in the Service Area			
City	County	Distance	Drive Time
Covington	Tipton	11.9 miles	17 minutes
Dyersburg	Dyer	48.7 miles	57 minutes
Ripley	Lauderdale	26.8 miles	36 minutes
Brownsville	Haywood	33.9 miles	40 minutes
Millington	Shelby	10.4 miles	17 minutes
Memphis	Shelby	28.7 miles	40 minutes
Bartlett	Shelby	20.0 miles	32 minutes
Average Drive Time			34 minutes

Source: Google Maps, February and April 2017.

7. Type of Institution (Check as appropriate—more than 1 may apply)

A. Hospital (Specify):		H. Nursing Home	
B. Ambulatory Surgical Treatment Center (ASTC) Multi-Specialty	X	I. Outpatient Diagnostic Center	
C. ASTC, Single Specialty		J. Rehabilitation Facility	
D. Home Health Agency		K. Residential Hospice	
E. Hospice		L. Non-Residential Substitution-Based Treatment Center for Opiate Addiction	
F. Mental Health Hospital		M. Other (Specify):	
G. Intellectual Disability Institutional Habilitation Facility ICFF/IID			

8. Purpose of Review (Check as appropriate—more than 1 may apply)

A. New Institution	X	F. Change in Bed Complement <i>Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation</i>	
B. Modifying an ASTC with limitation still required per CON		G. Satellite Emergency Department	
C. Addition of MRI Unit		H. Change of Location	
D. Pediatric MRI		I. Other (Specify):	
E. Initiation of Health Care Service as defined in TCA Sec 68-11-1607(4) (Specify)			

9. Medicaid/TennCare, Medicare Participation

MCO Contracts (Check all that apply):			
<input checked="" type="checkbox"/> Amerigroup	<input checked="" type="checkbox"/> United Healthcare Community Plan	<input checked="" type="checkbox"/> BlueCare	
<input checked="" type="checkbox"/> TennCare Select (These are current contracts of the practice. The ASC will have contracts with all of these.)			
Medicare Provider Number: To be requested			
Medicaid Provider Number: To be requested			
Certification Type: Ambulatory Surgical Treatment Center			
If a new facility, will certification be sought for Medicare or for Medicaid/TennCare?			
Medicare	Yes	<input checked="" type="checkbox"/> No	N/A
Medicaid/TennCare	<input checked="" type="checkbox"/> Yes	No	N/A

10. Bed Complement Data

Not applicable; the project does not include, or affect, any facility beds.

a. Please indicate current and proposed distribution and certification of facility beds.)

	Beds Currently Licensed	Beds Staffed	Beds Proposed	*Beds Approved	**Beds Exempt	TOTAL Beds at Completion
1. Medical						
2. Surgical						
3. ICU/CCU						
4. Obstetrical						
5. NICU						
6. Pediatric						
7. Adult Psychiatric						
8. Geriatric Psychiatric						
9. Child/Adolescent Psychiatric						
10. Rehabilitation						
11. Adult Chemical Dependency						
12. Child/Adolescent Chemical Dependency						
13. Long-Term Care Hospital						
14. Swing Beds						
15. Nursing Home SNF (Medicare Only)						
16. Nursing Home NF (Medicaid Only)						
17. Nursing Home SNF/NF (dually certified MCare/Maid)						
18. Nursing Home- Licensed (Noncertified)						
19. ICF/IID						
20. Residential Hospice						
TOTAL						

** Beds approved but not yet in service*

*** Beds exempted under 10%/3 yrs provision*

b. Describe the reasons for change in bed allocations and describe the impact the bed changes will have on the applicant facility's existing services.

Not applicable. This project does not include inpatient beds.

c. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete the chart below.

The applicant has no outstanding Certificates of Need.

11. Home Health Care Organizations – Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply:

Not applicable. This is not a home health services application.

	Existing Licensed County	Parent Office County	Proposed Licensed County		Existing Licensed County	Parent Office County	Proposed Licensed County
Anderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lauderdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bedford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lawrence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Benton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lewis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bledsoe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lincoln	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blount	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Loudon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bradley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McMinn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Campbell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McNairy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cannon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Macon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carroll	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Madison	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cheatham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marshall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chester	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Maury	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Claiborne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Meigs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Monroe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cocke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Montgomery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Coffee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Moore	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Crockett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Morgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cumberland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Obion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Davidson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Overton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Decatur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Perry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DeKalb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Pickett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dickson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Polk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dyer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Putnam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fayette	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rhea	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fentress	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Roane	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Franklin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Robertson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gibson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rutherford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Giles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grainger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sequatchie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Greene	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sevier	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grundy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Shelby	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamblen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamilton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Stewart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hancock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sullivan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardeman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sumner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Tipton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hawkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Trousdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Haywood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Unicoi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Union	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Van Buren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hickman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Warren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Houston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Washington	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Humphreys	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wayne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jackson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Weakley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jefferson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	White	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Williamson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knox	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lake	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

13. MRI, PET, and/or LINEAR ACCELERATOR

Not applicable. No such equipment is included in this project.

Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding an MRI scanner in counties with population less than 250,000, or is initiating pediatric MRI in counties with population greater than 250,000, and/or describe the acquisition of any Positron Emission Tomography (PET) unit or Linear Accelerator unit if initiating the service by responding to the following:

a. Complete the Chart below for acquired equipment.

LINEAR ACCELERATOR	
Mev:	Total Cost*: \$
Types: (indicate one)	By Purchase? _____
SRS	By Lease? _____
IMRT	
IGRT	Expected Useful Life (yrs): _____
Other :	New? _____
	Refurbished? _____
	If not new, how old (Yrs)? _____

MRI	
Tesla:	Total Cost*: \$
Magnet: (indicate one)	By Purchase? _____
Breast	By Lease? _____
Extremity?	
Open?	Expected Useful Life (yrs): _____
Short Bore?	New? _____
Other --	Refurbished? _____
	If not new, how old (Yrs)? _____

PET	
PET Only? _____	Total Cost*: \$
	By Purchase? _____
PET/CT? _____	By Lease? _____
PET/MRI? _____	Expected Useful Life (yrs): _____
	New? _____
	Refurbished? _____
	If not new, how old (Yrs)? _____

**As defined by Agency Rule 0720-9-.01(13)*

b. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.

Not applicable. No major medical equipment is included in the project.

c. Compare the lease cost of the equipment to its fair market value. Note: Per Agency rule, the higher cost must be identified in the project cost chart.

Not applicable. No major medical equipment is included in the project.

d. Schedule of Operations:

Not applicable; this is not a mobile service.

Location	Days of Operation (Sun-Sat)	Hours of Operation
Fixed Site (Applicant)		
Mobile Locations		
Applicant		
Name of other location		

e. Identify the clinical applications to be provided, that apply to the project.

The Endoscopy Center will provide outpatient gastroenterology procedures, primarily diagnostic procedures such as colonoscopies.

f. If the equipment has been approved by the FDA within the past five years, provide documentation of the same.

Not applicable; the project does not include major medical equipment.

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with T.C.A. § 68-11-1609(b), “no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care.” Further standards for guidance are provided in the State Health Plan developed pursuant to T.C.A. § 68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. *Please type each question and its response on an 8 1/2" x 11" white paper, single-sided.* All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. *If a question does not apply to your project, indicate “Not Applicable (NA).”*

SECTION B--NEED

1. Provide a response to each criterion and standard in Certificate of Need categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the THSDA or found on the agency’s website at <http://tjn.gov/hsda/article/hsda-criteria-and-standards>.

STATE HEALTH PLAN CERTIFICATE OF NEED STANDARDS AND CRITERIA FOR AMBULATORY SURGICAL TREATMENT CENTERS (2012)

Assumptions in Determination of Need

The need for an ambulatory surgical treatment center shall be based upon the following assumptions:

1. Operating Rooms

- a. An operating room is available 250 days per year, 8 hours per day.**
- b. The estimated average time per Case in an Operating Room is 65 minutes.**
- c. The average time for clean up and preparation between Operating Room Cases is 30 minutes.**
- d. The optimum utilization of a dedicated, outpatient, general-purpose Operating Room is 70% of full capacity. 70% x 250 days/year x 8 hours/day divided by 95 minutes = 884 Cases per year.**

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This project will serve patients needing endoscopic surgery, which is most frequently performed in a non-sterile procedure room than in an operating room (O.R.). The surgical room in this facility will have the floor space to comply with O.R. licensure requirements but will be used as a non-sterile endoscopic procedure room.

2. Procedure Rooms

- a. A procedure room is available 250 days per year, 8 hours per day.**
- b. The estimated average time per outpatient Case in a procedure room is 30 minutes.**
- c. The average time for clean up and preparation between Procedure Room Cases is 15 minutes.**
- d. The optimum utilization of a dedicated, outpatient, general-purpose outpatient Procedure Room is 70% of full capacity. $70\% \times 250 \text{ days/year} \times 8 \text{ hours/day}$ divided by 45 minutes = 1867 Cases per year.**

The responses to the criteria after this page show that the facility's surgical room will be available to schedule cases as needed, up to 8 hours per day, 250 days a year. This complies with above criterion 2a.

Dr. Siddiq's endoscopies will require an average of 25 minutes case time and 15 minutes room clean/prep time between cases, which will comply with above criteria 2b and 2c.

In Year Four of operation, the projected cases in this surgical room will exceed 1,867 cases; and in Year Five the surgical room will reach approximately 70% utilization of its schedulable O.R. time.

Determination of Need

1. Need. The minimum numbers of 884 Cases per Operating Room and 1867 Cases per Procedure Room are to be considered as baseline numbers for purposes of determining Need. An applicant should demonstrate the ability to perform a minimum of 884 Cases per Operating Room and/or 1867 Cases per Procedure Room per year, except that an applicant may provide information on its projected case types and its assumptions of estimated average time and clean up and preparation time per Case if this information differs significantly from the above-stated assumptions. It is recognized that an ASTC may provide a variety of services/Cases and that as a result the estimated average time and clean up and preparation time for such services/Cases may not meet the minimum numbers set forth herein. It is also recognized that an applicant applying for an ASTC Operating Room(s) may apply for a Procedure Room, although the anticipated utilization of that Procedure Room may not meet the base guidelines contained here. Specific reasoning and explanation for the inclusion in a CON application of such a Procedure Room must be provided. An applicant that desires to limit its Cases to a specific type or types should apply for a Specialty ASTC.

The applicant is applying for a single-specialty ASTC limited to endoscopic procedures. It will contain a surgical room sized as an operating room but its case volumes will be much higher than the above standard for O.R. cases. It will perform more than 1,867 cases per year. Please see the response to criterion #2 immediately below.

2. Need and Economic Efficiencies. An applicant must estimate the projected surgical hours to be utilized per year for two years based on the types of surgeries to be performed, including the preparation time between surgeries. Detailed support for estimates must be provided.

The following page contains a time-based analysis of the proposed surgical room's utilization for its first two years. The case volumes are taken from Table B-Need-State Health Plan-2 on the second following page (which duplicates a table in the section of the application requiring utilization projections for the proposed facility).

Year One (1,485 cases)

- a. Average surgical time for endoscopy case: 25 minutes
- b. Average room turnaround time: 15 minutes
- c. Total average minutes per case: 40 minutes

- d. Available time in one surgical room:
60 minutes per hour X 8 hours per day X 250 days per year =
120,000 minutes of surgical room time available per year

- e. Time required to perform Year One projected volume of 1,485 cases:
1,485 cases X 40 total average minutes per case = 59,400 minutes required per year

- f. Utilization of Surgical Room =
59,400 minutes utilized / 120,000 minutes available = **50% average utilization**

Year Two (1,619 cases)

- a. Average surgical time for endoscopy case: 25 minutes
- b. Average room turnaround time: 15 minutes
- c. Total average minutes per case: 40 minutes

- d. Available time in one surgical room:
60 minutes per hour X 8 hours per day X 250 days per year =
120,000 minutes of surgical room time available per year

- e. Time required to perform Year One projected volume of 1,619 cases:
1,619 cases X 40 total average minutes per case = 64,741 minutes required per year

- f. Utilization of Surgical Room =
64,741 minutes utilized / 120,000 minutes available = **54% average utilization**

Please note that the State Plan review criteria do not require that the facility reach 70% utilization in Year Two. As shown by the table on the following page, this proposed endoscopy center will reach the State Health Plan target of 70% utilization in Year Five.

It would be inappropriate to plan an expensive healthcare facility with only as much capacity as would be 70% full within twenty-four months of completion. Acute care construction planning rarely, if ever, adopts such a short time horizon. In addition, if some surgical capacity is appropriate for a service area that has none at all, one surgical room is as small a proposal as can be offered to meet that need--regardless of how fully it is utilized.

Table B-Need-State Health Plan-2: Historical and Projected Endoscopic Surgical Cases Dr. M. Siddiq and Horizon Surgery Center								
	Calendar Year	Cases in Dr. Siddiq's Practice	Annual % Increase	% Performed in Atoka Surgery Center	Cases in Atoka Surgery Center	Case and Turnaround Minutes at 40 Min. Each	Minutes of Capacity, One O.R.	% Utilization of O.R.
Actual	2014	1,060	NA	0.0%	0			
Actual	2015	1,130	6.6%	0.0%	0			
Actual	2016	1,274	12.7%	0.0%	0			
Projected	2017	1,389	9.0%	0.0%	0			
Projected	2018	1,514	9.0%	0.0%	0			
Projected	Yr 1 2019	1,650	9.0%	90.0%	1,485	59,400	120,000	50%
Projected	Yr 2 2020	1,798	9.0%	90.0%	1,619	64,741	120,000	54%
Projected	Yr 3 2021	1,960	9.0%	90.0%	1,764	70,567	120,000	59%
Projected	Yr 2 2022	2,137	9.0%	90.0%	1,923	76,919	120,000	64%
Projected	Yr 5 2023	2,329	9.0%	90.0%	2,096	83,841	120,000	70%

Note: Case and turnaround minutes from Dr. M. Siddiq. O.R. capacity from State Health Plan.

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3. Need; Economic Efficiencies; Access. To determine current utilization and need, an applicant should take into account both the availability and utilization of either: a) all existing outpatient Operating Rooms and Procedure Rooms in a Service Area, including physician office based surgery rooms (when those data are officially reported and available) OR b) all existing comparable outpatient Operating Rooms and Procedure Rooms based on the type of Cases to be performed. Additionally, applications should provide similar information on the availability of nearby out-of-state existing outpatient Operating Rooms and Procedure Rooms, if that data are available, and provide the source of that data. Unstaffed dedicated outpatient Operating Rooms and unstaffed dedicated outpatient Procedure Rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

The responses to criteria 4 and 5 below provide an inventory of all existing comparable ambulatory surgical facilities in the project's service areas. The responses provide their utilization data and occupancies. Please see those sections for further information.

The applicant knows of no nearby out-of-State surgical rooms, or rooms unstaffed or unimplemented, that would be available to residents of the project service area.

4. Need and Economic Efficiencies. An applicant must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON application to establish an ASTC or to expand existing services of an ASTC should not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed, if those services are known and relevant, within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above.

This criterion directs applicants to analyze the utilization of area surgical facilities that "...provide comparable services regarding the types of Cases performed..." -- and to demonstrate whether they are being utilized at 70% or more of capacity (i.e., 1,867 cases per procedure room).

In this case, "comparable" facilities would be those licensed ambulatory surgical treatment facilities (ASTC's) whose scope of service and equipment will allow performance of adult endoscopy cases in their procedure rooms.

There are twenty-eight licensed ambulatory surgical treatment centers in the primary and secondary service area counties of the project. The applicant considers only five of them to be "comparable" under the State Health Plan criteria. Table B-Need-State Health Plan-4-Part A on the following page presents their capacity and utilization data for CY2013-2015, which are the most recent three years of publicly available data for ambulatory surgical treatment centers.

Their procedure rooms as a group were utilized in 2015 at 104.8% of the State Health Plan standard of 1,867 cases per procedure room.

Table B-Need-State Health Plan-4-Part B on the second following page lists the twenty-three ambulatory surgical treatment centers that were excluded from this analysis, and the reasons for their exclusion.

- The LeBonheur facility was excluded because LeBonheur is a pediatric hospital and Dr. Siddiq's patients are adults.

- Fourteen single-specialty ASTC's were excluded because their licensure is restricted to specialties other than gastroenterology, making them unavailable for the applicant's patients.

- Nine multi-specialty facilities were excluded for reasons indicated in the table. Several have a closed medical staff. Most do not perform endoscopic surgery and have no gastroenterologists on staff--and so will not have staff and equipment appropriate for performing endoscopies.

Table B-Need-5-Part A: Utilization of Procedure Rooms at Accessible ASTC's in the Service Area of Horizon Surgery Center									
PROVIDER	ADDRESS	TYPE OF ASTC	COUNTY	PROCEDURE ROOMS IN 2015	PROCEDURE ROOM CASES IN 2013	PROCEDURE ROOM CASES IN 2014	PROCEDURE ROOM CASES IN 2015	% OF ASTC PROCEDURE ROOM UTILIZATION STANDARD (1,867 CASES) IN 2015	% CHANGE IN UTILIZATION 2013-2015
Endoscopy Center of the Mid-South	3000 Getwell Road, Memphis, 38118	GI	Shelby	1	2,570	2,264	2,022	108.3%	-21.3%
GI Diagnostic & Therapeutic Center	1310 Wolf Park Drive, Germantown 38138	GI	Shelby	6	21,838	16,230	15,128	135.0%	-30.7%
Memphis Gastro Endo Center East	8000 Wolf River Blvd, Germantown 38138	GI	Shelby	6	9,359	9,613	9,525	85.0%	1.8%
Mid-South Gastroenterology Group	14178 Monroe Ave., Memphis 38104	GI	Shelby	3	6,597	6,440	7,506	134.0%	13.8%
Surgery Center at St. Francis*	5999 Park Avenue, Memphis 38119	Multispec	Shelby	2	2,374	1,848	1,118	29.9%	-52.9%
Totals				17	40,168	34,131	33,277	104.8%	-17.2%

Source: Joint Annual Reports, 2013-2016.

Notes:

1. MidSouth Gastroenterology is also known as Bowden Surgery Center.
2. Surgery Center of St. Francis is not an option for this applicant because it does not take TennCare (TnCare is 4/1000ths of one percent of its gross revenues).

**Table B-Need-State Health Plan 4-Part B: Service Area Ambulatory Surgery Centers
Not Included in Utilization Table B-Need-5A**

Facility Name	Single or Multi-Specialty	Remarks
Baptist Germantown Surgery Center	MS	No endoscopy cases; no procedure rooms
Campbell Clinic Surgery Center MidTown	MS	Orthopedics and Pain Mgt only; closed staff
Campbell Clinic Surgery Center	MS	Orthopedics and Pain Mgt only; closed staff
East Memphis Surgery Center	MS	No endoscopy cases
LeBonheur East Surgery Center	MS	Pediatric 97%; almost no endoscopy cases
Memphis Surgery Center	MS	No endoscopy cases
Methodist Surgery Center Germantown	MS	No endoscopy cases
North Surgery Center	MS	No endoscopy cases; no TennCare
Semmes Murphy	MS	No endoscopy cases; neuro and pain mgt only
Cape Surgery Center	SS	Ophthalmology only
Eye Care Surgery of Memphis	SS	Ophthalmology only
Germantown Ambulatory Surgery Center	SS	Plastics only
Hamilton Eye Surgery Institute Surg. Cntr.	SS	Ophthalmology only
Mays & Schnapp Pain Clinic	SS	Pain management only
Memphis Center for Reproductive Health	SS	Gynecology only
Memphis Eye & Cataract Amb. Surg. Cntr.	SS	Ophthalmology only
MidSouth Interventional Pain Institute	SS	Pain management only
Planned Parenthood of Greater Memphis	MS	Pregnancy termination only
Ridge Lake Ambulatory Surgical Center	SS	Ophthalmology only
Shea Clinic	SS	Otolaryngology only
UroCenter	SS	Urology only
Wesberry Surgery Center	SS	Oral surgery only
Wolf River Surgery Center	SS	Urology only

Note: All 23 facilities in the table are in Shelby County except for Cape Surgery Center, which is in Dyer County.

5. Need and Economic Efficiencies. An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An applicant for a Specialty ASTC must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON proposal to establish a Specialty ASTC or to expand existing services of a Specialty ASTC shall not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above. An applicant that is granted a CON for a Specialty ASTC shall have the specialty or limitation placed on the CON.

The applicant will perform only outpatient gastroenterology cases, in a procedure room that is sized to conform to operating room requirements.

The applicant's projected cases, and an analysis of time requirements for the projected cases, were provided in response to criterion #2 above.

The utilization of facilities with comparable services in the primary and secondary service areas was provided in tables in response to criterion #4 above. Those facilities had a group average utilization of 70% in CY 2015, conforming to both criteria #4 and #5.

Other Standards and Criteria

6. Access to ASTCs. The majority of the population in a Service Area should reside within 60 minutes average driving time to the facility.

Complies. See drive time tables in Section B.III.B.1 above. Most of the area population lives within much less than an hour's drive time of the project site. The average drive time from communities in the service area to the project site in Atoka is only 34 minutes.

Also see Table B-State Health Plan-6 on the following page, showing the drive times from service area counties' cities to the providers currently utilized by Dr. Siddiq. The grey shading indicates those drive times that will be improved by this project.

7. Access to ASTCs. An applicant should provide information regarding the relationship of an existing or proposed ASTC site to public transportation routes if that information is available.

There is no bus service available to the project site at this time.


Table B-State Health Plan-6: Atoka Endoscopy Center Service Area Accessibility To The Project and To Other Surgical Facilities Used By Dr. Siddiq											
Service Area County and Principal City		To Proposed Project in Atoka (Tipton County)		To Saint Francis Hospital Bartlett (Shelby County)		To Methodist University Hospital (Shelby County)		To Baptist Memorial Hospital-Tipton (Tipton County)		To MidSouth Gastroenterology ASTC (Shelby County)	
County	Principal City	Miles	Minutes Drive Time	Miles	Minutes Drive Time	Miles	Minutes Drive Time	Miles	Minutes Drive Time	Miles	Minutes Drive Time
Dyer	Dyersburg	48.7	57 min.	67.2	87 min.	78.6	94 min.	39.8	47 min.	79.9	97 min.
Haywood	Brownsville	34.2	40 min.	44.7	45 min.	58.5	62 min.	25.0	32 min.	56.1	56 min.
Lauderdale	Ripley	26.8	36 min.	45.5	65 min.	56.7	73 min.	18.1	26 min.	58.2	76 min.
Tipton	Covington	11.9	17 min.	29.4	45 min.	42.1	54 min.	2.9	8 min.	42.0	55 min.
Shelby	Memphis	28.7	39 min.	20.3	23 min.	2.8	6 min.	37.1	47 min.	3.1	7 min.

Source: Google Maps, 2-20-17

Note: Drive Times 1-way are rounded; RT drive times are 2X the 1-way rounded time.

ADDRESSES OF FACILITIES

Project: 340 Atoka McLaughlin Drive, Atoka, TN 38004
Saint Francis Hospital Bartlett: 2986 Kate Bond Rd, Bartlett, TN 38133
Methodist Univ. Hospital: 1265 Union Avenue, Memphis, TN 38104
Baptist Mem. Hosp. Tipton: 1995 Highway 51 So., Covington, TN 38109
Mid-South Gastroenterology * 1417 Monroe Avenue, Memphis, TN 38104

 Designates longer drive time than to the proposed project.

8. Access to ASTCs. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must

- project the origin of potential patients by percentage and county of residence and, if such data are readily available, by zip code, and
- must note where they are currently being served.
- Demographics of the Service Area should be included, including the anticipated provision of services to out-of-state patients, as well as
- the identity of other service providers both in and out of state and the source of out-of-state data. Applicants shall document all other provider alternatives available in the Service Area.
- All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

Patient Origin: The primary service area will consist of five counties: Tipton, Dyer, Haywood, and Lauderdale Counties north of Memphis, and Shelby County. Dr. Siddiq has a practice office in Shelby County. His patients came almost entirely from Shelby County until he opened a second practice office in Covington in Tipton County in CY 2014, to provide more convenient medical care to rural residents north of Shelby County. He moved his Tipton County office from Covington to Atoka (on Highway 51) at the end of CY 2015, to increase its accessibility.

Although there is no publicly available data on the number of endoscopies performed in Tennessee hospitals, the Joint Annual Reports do provide the number of low-risk endoscopy cases performed in licensed ambulatory surgical treatment centers. The latest 2015 data indicated a Statewide rate of 26.7 such endoscopy cases per thousand population, in ambulatory surgical treatment centers, two years ago. Applied to the 2017 population of the four rural counties in the service area, this would predict that in 2017 they could generate 4,062 cases that could be performed appropriately in surgery centers. Dr. Siddiq projects that his local endoscopy center will serve approximately 453 endoscopy cases from those four rural counties in 2020--approximately 11% of the cases that those residents will likely need. In the table below, Shelby County is projected at 60% of the total cases due to its historic dominance in this practice's patient origin pattern. Tipton, the project's home county, is estimated at 25%. (The 2015 Shelby and Tipton County percentages of his practice were 66.5% and 19% respectively). The other three counties are estimated at minimal percentages, due to smaller populations and distance from the project. Together these five counties should contribute 88% of the endoscopy center's cases.

Table B-Need-State Health Plan-8 Part A: Projected Patient Origin Horizon Surgery Center			
County	Percent of Total	Year One Endoscopy Cases (2019)	Year Two Endoscopy Cases (2020)
Shelby	60%	891	971
Tipton	25%	371	405
Haywood	1%	15	16
Weakley	1%	15	16
Dyer	1%	15	16
<i>(Subtotal)</i>	<i>(88%)</i>	<i>(1,307)</i>	<i>(1,425)</i>
Other States & Cos	12%	178	194
Total All Counties	100.0%	1,485	1,619

Note: Percentages rounded.

Where Patients Are Now Served

There is no publicly available data on where endoscopy patients from each county are being served. They obviously utilize either hospitals or ambulatory surgical treatment centers. However, the hospital Joint Annual Reports do not record endoscopic surgery volumes, and the ambulatory surgical treatment Centers do not record patient origin although they do record the total numbers of endoscopy cases they perform.

Dr. Siddiq himself must utilize several facilities for his patients, for reasons such as limited availability of surgical room time at any one location. He primarily utilizes four facilities:

1. MidSouth Gastroenterology Group (also known as the Bowden Surgery Center)
2. Baptist Hospital Tipton
3. Methodist University Hospital, Memphis
4. Saint Francis Hospital Bartlett

The cases he can perform at each of these varies widely from week to week.

- One of the providers does not want to accept TennCare cases, which comprise 7% of Dr. Siddiq's patients.
- Another provider has very old equipment, nursing staff insufficiently trained in endoscopy procedures, and has equipment limitations. This provider also allows him to operate only once a week, and on a limited number of patients.
- Another provider limits his number of cases, and is very slow in its procedure rooms, which causes long patient waiting times after sign-in.
- Another provider allows him to work there only once a week, and frequently cancels scheduled cases without much notice, which puts his patients at great disadvantage when they have already scheduled time off from their jobs, to receive the surgery.

These limitations impose significant inefficiencies on Dr. Siddiq's practice, and real inconvenience on his patients. It is for reasons such as these that low-risk outpatient endoscopies have rapidly migrated out of multispecialty surgical settings into dedicated, practice-based endoscopic surgery centers focused on only this one type of service. It saves patients, gastroenterologists, and insurers time and money.

Demographics of the Service Area: This is provided in Table B-Need-4A(2) of the application.

Service Area Providers:

These are identified in Tables B-Need-State Health Plan-4-Parts A and B, located above in this section that responds to the State Plan criteria.

Assumptions--Each section's responses identifies its assumptions and sources of data.

9. Access and Economic Efficiencies. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following completion of the project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

The quarterly projection table below displays the annual case projections made in other tables in the application. They assume a continuation of Dr. Siddiq's 9% annual growth rate, with 90% of his outpatient endoscopy cases moved to his surgery center when it opens.

The quarterly distribution is an estimation, with the assumption that increases in the winter months will be less than at other times of the year.

Table B-Need-State Health Plan-9: Atoka Surgery Center Year One and Year Two Projected Cases by Quarter					
	Q1 Cases	Q2 Cases	Q3 Cases	Q4 Cases	Total
2019	345	365	385	391	1,485
change	--	+20	+20	+6	
2020	392	400	409	418	1,619
change	+1	+8	+9	+9	

10. Patient Safety and Quality of Care; Health Care Workforce.

a. An applicant should be or agree to become accredited by any accrediting organization approved by the Centers for Medicare and Medicaid Services, such as the Joint Commission, the Accreditation Association of Ambulatory Health Care, the American Association for Accreditation of Ambulatory Surgical Facilities, or other nationally recognized accrediting organization.

The applicant will seek AAAHC-accreditation for the facility.

b. An applicant should estimate the number of physicians by specialty that are expected to utilize the facility and the criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel. An applicant should provide documentation on the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

The initial medical staff will be the project proponent, Muhammad Siddiq, M.D. His C.V. and Board documentation is provided in Attachment C-Need--1.A.3. As case volumes increase, Dr. Siddiq may add a second gastroenterologist to the medical staff, who will also be required to have Board certification.

Endoscopy patients do not require general anesthesia. Light anesthesia will be provided by a CRNA, who will bill anesthesia charges and receive reimbursement independently. The CRNA(s) utilized will be required to be in network with (i.e. contracted with) all area MCO's.

11. Access to ASTCs. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "*Every citizen should have reasonable access to health care,*" the HSDA may decide to give special consideration to an applicant:

a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

Parts of all four rural service area counties are designated as medically underserved areas. They are identified in Attachment C-Need-1.A.

b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program;

Not applicable.

c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program;

The applicant so commits. Dr. Siddiq contracts with Medicare and all area TennCare MCO's and the proposed facility, which he will own, will also contract with those payers.

d. Who is proposing to use the ASTC for patients that typically require longer preparation and scanning times. The applicant shall provide in its application information supporting the additional time required per Case and the impact on the need standard.

Not applicable. The applicant's case times are not longer than the criteria.

(END OF RESPONSES TO STATE HEALTH PLAN CRITERIA FOR ASTC'S)

SECTION B--NEED continued

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any, and how it relates to previously approved projects of the applicant.

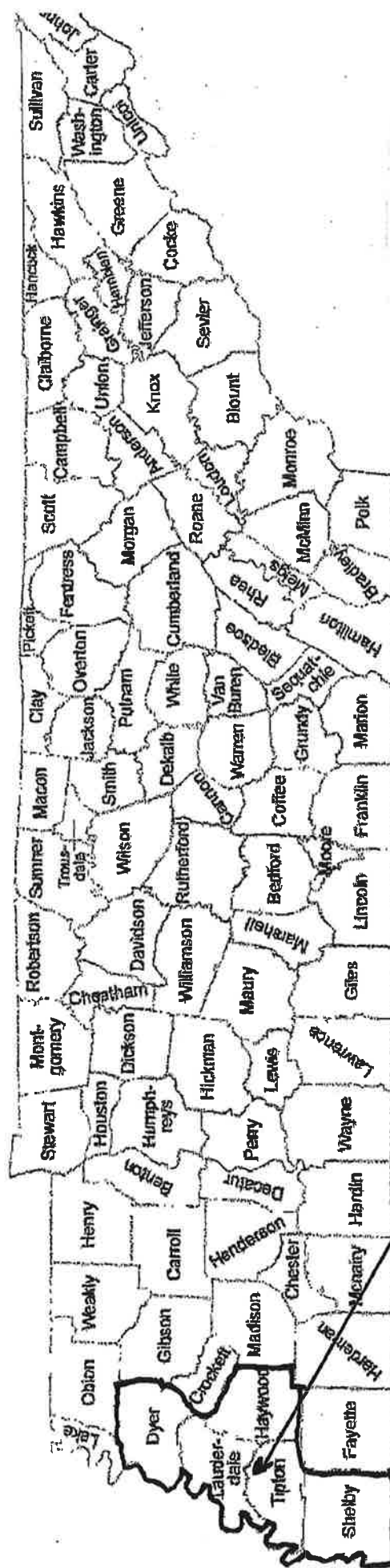
This facility is intended to improve physical and financial accessibility to care, for endoscopy patients of four rural counties north of Memphis. It is also intended to change the patient origin of Dr. Siddiq's practice from almost totally Shelby County patients, to a mix of patients living in Shelby and in four counties to the north of Shelby County.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area, using the map on the following page, clearly marked to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the bordering states, if applicable.

The service area map is provided after this page, and in Attachment Section B-Need-3.

The project will be located in Atoka, a community south of Covington in Tipton County. Atoka is on U.S. Highway 51, which runs northeast through the westernmost counties of Tennessee that border the Mississippi River. Those are Shelby, Tipton, Lauderdale, and Dyer Counties. U.S. 51 is also close to Haywood County, which adjoins Tipton County.

The project's service area will therefore consist of four rural counties--Tipton, Dyer, Lauderdale, and Haywood--plus urban Shelby County. All five are within an appropriate drive time for an ambulatory surgery center. The average drive time between the project site and the largest communities in these five counties is 34 minutes.



**HORIZON ENDOSCOPY CENTER
PROJECT SERVICE AREA**

**Table B-Need-4A(2): Atoka Surgery Center
Demographic Characteristics of Primary Service Area
2017-2021**

	Department of Health / Health Statistics							Bureau of the Census				TennCare	
	Current Total Population 2017	Projected Total Population 2021	Total Population % Change 2017 - 2021	Current Target* Population Age 50+ 2017	Projected Target* Population Age 50+ 2021	Projected Target* Population 50+ % Change 2017 - 2021	Projected Target* Population 50+ As % of Projected Total Population 2021	Median Age	Median Household Income	Persons Below Poverty Level as % of Total Population	Persons Below Poverty Level	Current TennCare Enrollees	TennCare Enrollees as % of County or Zip Code Population
Service Area Counties													
Rural Service Area													
Over	39,458	39,994	1.4%	15,229	16,046	5.4%	40.1%	39.3	\$42,468	22.5%	8,878	11,066	28.0%
Haywood	18,348	18,048	-1.6%	7,479	7,727	3.3%	42.8%	39.2	\$34,182	22.5%	4,128	5,796	31.6%
Lauderdale	28,799	29,300	1.7%	9,542	9,768	2.4%	33.3%	36.4	\$30,281	26.2%	7,545	8,169	28.4%
Tipton	68,247	72,169	5.7%	23,570	26,376	11.9%	36.5%	36.6	\$53,669	14.4%	9,828	13,859	20.3%
Rural PSA Total	154,852	159,511	3.0%	55,820	59,917	7.3%	37.6%	37.9	\$40,150	21.4%	33,138	38,890	25.1%
Urban Service Area													
Shelby	964,804	986,423	2.2%	302,764	318,966	5.4%	32.3%	34.6	\$46,224	20.2%	194,890	272,273	28.2%
Urban plus Rural PSA Total	1,119,656	1,145,934	2.3%	358,584	378,883	5.7%	33.1%	36.2	43,187.0	20.8%	228,029	311,163	27.8%
State of TN Total	6,887,572	7,179,512	4.2%	2,503,893	2,700,542	7.9%	37.6%	38.0	\$45,219	16.7%	1,150,225	1,514,370	22.0%

Sources: TDOH Population Projections, 2016; U.S. Census Quickfacts; TennCare Bureau.

Service area data is either total, or average, as appropriate. Some calculated entries are rounded to the nearest whole number.

* Target Population is population that the project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the population Ages 0-19. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from Current Year, e.g., if Current Year is 2016, then default Projected Year is 2020. Here the State Health Plan defines a three year projection for this type of project (Home Health Need Calculation).

4b. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

The Horizon Surgery Center will serve patients without regard to their source of insurance, or their age, gender, race, or ethnic identity. The facility will serve TennCare patients in all area MCO's, and will provide a limited amount of charity care as well. An estimate of 1% of gross revenues is used but it may be higher; Dr. Siddiq already serves indigent patients through a local charitable referral organization. The service area itself has a lower median household income than the State, and lower than adjoining Shelby County; so special care will be taken to enroll uninsured persons in TennCare and to work out reasonable payment plans for patients who are underinsured.

5. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must provide the following data: admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the appropriate measures, e.g., cases, procedures, visits, admissions, etc. This does not apply to projects that are solely relocating a service.

The State Health Plan, addressed in a prior section, states that in evaluating areawide utilization of existing facilities, the applicant may include only surgical facilities that “...*provide comparable services regarding the types of Cases performed...*”

Assuming that “comparable” in the State Health Plan and “similar” in this question #5 intend to mean the same thing, the applicant has surveyed utilization of all area ambulatory surgical treatment centers whose scope of services allow for adult endoscopy cases to be performed in procedure rooms.

There are twenty-eight licensed ambulatory surgical treatment centers in the primary and secondary service area counties of the project.

The applicant considers only five of them to be similar for the purposes of responding to this question. Table B-Need-5 Part A on the following page presents their procedure room and utilization data for CY2013-2015, the most recent three years of publicly available data for ambulatory surgical treatment centers.

Their procedure rooms as a group were utilized in 2015 at 104.8% of the State Health Plan standard of 1,867 cases per procedure room.

Table B-Need-5-Part B on the second following page lists the twenty-three ambulatory surgical treatment centers that were excluded from this analysis, and the reasons for their exclusion.

- The LeBonheur facility was excluded because LeBonheur is a pediatric hospital and Dr. Siddiq’s patients are adults.

- Fourteen single-specialty ASTC’s were excluded because their licensure is restricted to specialties other than gastroenterology; they are unavailable for the applicant’s cases.

- Nine multi-specialty facilities were excluded for reasons indicated in the table. Several have a closed medical staff. Most do not perform endoscopic surgery and have no gastroenterologists on staff--and so will not have staff and equipment appropriate for performing endoscopies.

Table B-Need-5-Part A: Utilization of Procedure Rooms at Accessible ASTC's in the Service Area of Horizon Surgery Center									
PROVIDER	ADDRESS	TYPE OF ASTC	COUNTY	PROCEDURE ROOMS IN 2015	PROCEDURE ROOM CASES IN 2013	PROCEDURE ROOM CASES IN 2014	PROCEDURE ROOM CASES IN 2015	% OF ASTC PROCEDURE ROOM UTILIZATION STANDARD (1,867 CASES) IN 2015	% CHANGE IN UTILIZATION 2013-2015
Endoscopy Center of the Mid-South	3000 Getwell Road, Memphis, 38118	GI	Shelby	1	2,570	2,264	2,022	108.3%	-21.3%
GI Diagnostic & Therapeutic Center	1310 Wolf Park Drive, Germantown 38138	GI	Shelby	6	21,838	16,230	15,128	135.0%	-30.7%
Memphis Gastro Endo Center East	8000 Wolf River Blvd, Germantown 38138	GI	Shelby	6	9,359	9,613	9,525	85.0%	1.8%
Mid-South Gastroenterology Group	14178 Monroe Ave., Memphis 38104	GI	Shelby	3	6,597	6,440	7,506	134.0%	13.8%
Surgery Center at St. Francis*	5999 Park Avenue, Memphis 38119	Multispec	Shelby	2	2,374	1,848	1,118	29.9%	-52.9%
Totals				17	40,168	34,131	33,277	104.8%	-17.2%

Source: Joint Annual Reports, 2013-2016.

Notes:

1. MidSouth Gastroenterology is also known as Bowden Surgery Center.
2. Surgery Center of St. Francis is not an option for this applicant because it does not take TennCare (TnCare is 4/1000ths of one percent of its gross revenues).

**Table B-Need-5-Part B: Service Area Ambulatory Surgery Centers Not Included
in Utilization Table B-Need-5A**

Facility Name	Single or Multi-Specialty	Remarks
Baptist Germantown Surgery Center	MS	No endoscopy cases; no procedure rooms
Campbell Clinic Surgery Center MidTown	MS	Orthopedics and Pain Mgt only; closed staff
Campbell Clinic Surgery Center	MS	Orthopedics and Pain Mgt only; closed staff
East Memphis Surgery Center	MS	No endoscopy cases
LeBonheur East Surgery Center	MS	Pediatric 97%; almost no endoscopy cases
Memphis Surgery Center	MS	No endoscopy cases
Methodist Surgery Center Germantown	MS	No endoscopy cases
North Surgery Center	MS	No endoscopy cases; no TennCare
Semmes Murphy	MS	No endoscopy cases; neuro and pain mgt only
Cape Surgery Center	SS	Ophthalmology only
Eye Care Surgery of Memphis	SS	Ophthalmology only
Germantown Ambulatory Surgery Center	SS	Plastics only
Hamilton Eye Surgery Institute Surg. Cntr.	SS	Ophthalmology only
Mays & Schnapp Pain Clinic	SS	Pain management only
Memphis Center for Reproductive Health	SS	Gynecology only
Memphis Eye & Cataract Amb. Surg. Cntr.	SS	Ophthalmology only
MidSouth Interventional Pain Institute	SS	Pain management only
Planned Parenthood of Greater Memphis	MS	Pregnancy termination only
Ridge Lake Ambulatory Surgical Center	SS	Ophthalmology only
Shea Clinic	SS	Otolaryngology only
UroCenter	SS	Urology only
Wesberry Surgery Center	SS	Oral surgery only
Wolf River Surgery Center	SS	Urology only

Note: All facilities in the table are in Shelby County--except for Cape Surgery Center, which is in Dyer County.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.

Dr. Siddiq's caseloads have grown rapidly. His endoscopy cases increased 6.6% from CY2014 to CY2015, and 12.7% from CY2015 to CY2016. That was a two-year increase of 20.2%, with a CAGR (compound annual growth rate) of 9%.

Before CY2015, Dr. Siddiq had his only practice office located in mid-town Memphis. In CY2015 he opened a second office in Atoka, north of Memphis, to better serve the four rural counties north of Shelby County along Highway 51. His caseloads have increased more rapidly since he opened the Atoka office. He now spends more time in the Atoka office than in the midtown Memphis office. If this project in Atoka is approved, and as its utilization increases, Dr. Siddiq will eventually phase out his midtown Memphis office to concentrate on serving patients in north Shelby County and in the four counties north of Shelby County along or near Highway 51.

As shown in Table B-Need-6-Part B on the following page, Dr. Siddiq projects continued caseload growth at his current growth rate of 9% annually. The table projects that Dr. Siddiq's total endoscopy cases will increase to 2,329 cases in Year Five of the project if this project is approved. With an estimated 90% of those patients utilizing his practice-based ASTC in Atoka, that will be an average 70% utilization of its operating room in Year Five of its operation.

Part of the reason for projecting strong continuing growth is the continuing national campaign to prevent colon cancer. The campaign urges colon cancer screening endoscopies every 10 years for all persons 50 years of age and older, with more frequent screenings for patients with higher risk factors. The more screenings that occur, the more early-stage (treatable) tumors are detected, and the more risk factors (such as pre-cancerous polyps) are detected. The great majority of these endoscopies are performed in ambulatory surgery centers rather than in more expensive and more congested hospital settings. There is no publicly available data on GI endoscopies performed in hospitals. But such data does exist for cases performed in ASTC's, found in the Joint Annual Reports. Table B-Need-6-Part A below shows the increase in endoscopies *performed in ASTC settings* in Tennessee in recent years.

Table B-Need-6-Part A: Increasing Rates of Gastroenterology Endoscopy Cases Performed in Tennessee Ambulatory Surgery Centers			
2013-2015			
Year	2013	2015	Increase
Tennessee Population	6,528,014	6,735,706	
GI Endoscopy Cases in ASTC's	161,776	179,689	+17,913
Cases per 1,000 Population	24.8 per 1,000	26.7 per 1,000	c. 2 per 1,000

Table B-Need-6-Part B: Historical and Projected Endoscopic Surgical Cases
Horizon Surgery Center

	Calendar Year	Cases in Practice	Annual % Increase	% Performed in Atoka Surgery Center	Cases in Atoka Surgery Center	Case and Turnaround Minutes at 40 Min. Each	Minutes of Capacity, One O.R.	% Utilization of O.R.
Actual	2014	1,060	NA	0.0%	0			
Actual	2015	1,130	6.6%	0.0%	0			
Actual	2016	1,274	12.7%	0.0%	0			
Projected	2017	1,389	9.0%	0.0%	0			
Projected	2018	1,514	9.0%	0.0%	0			
Projected	Yr 1 2019	1,650	9.0%	90.0%	1,485	59,400	120,000	50%
Projected	Yr 2 2020	1,798	9.0%	90.0%	1,619	64,741	120,000	54%
Projected	Yr 3 2021	1,960	9.0%	90.0%	1,764	70,567	120,000	59%
Projected	Yr 2 2022	2,137	9.0%	90.0%	1,923	76,919	120,000	64%
Projected	Yr 5 2023	2,329	9.0%	90.0%	2,096	83,841	120,000	70%

Note: Case and turnaround minutes from Dr. M. Siddiq. O.R. capacity from State Health Plan.

ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

A. All projects should have a project cost of at least \$15,000 (the minimum CON Filing Fee), (See application instructions for Filing Fee.)

The filing fee is the minimum.

B. The cost of any lease, The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

The applicant calculated the value of the leased space in the two ways required under HSDA rules: the lease expense during the first term of years; and the value of the space as a proportional percentage of the market value of the building in which the space is leased. The calculations are shown and compared in the spreadsheet following the Project Cost Chart.

C. The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

The equipment cost estimate includes price, freight, and tax. There is no major medical equipment in the project requiring maintenance agreements. The construction cost estimate included all contractor-installed building materials and equipment.

D. Complete the Square Footage Chart on page 8 and provide the documentation. Please note the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.

This chart has been completed on page 15. Its construction cost total matches that on the Project Cost Chart.

E. For projects that include new construction, modification, and/or renovation documentation must be provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:

- 1) A general description of the project;**
- 2) An estimate of the cost to construct the project; and**
- 3) A description of the status of the site's suitability for the proposed project;**
- 4) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority.**

See Attachment Section B-Economic Feasibility-1E for the required letter.

PROJECT COST CHART-- HORIZON ENDOSCOPY CENTER (ATOKA)

MAY 14, 2017 PM 1:44

A. Construction and equipment acquired by purchase:

1. Architectural and Engineering Fees	8%	\$	35,021
2. Legal, Administrative, Consultant Fees (Excl CON Filing Fee)			115,000
3. Acquisition of Site			0
4. Preparation of Site			0
5. Total Construction Cost	2280 SF @ \$192 PSF		437,760
6. Contingency Fund			10,000
7. Fixed Equipment (Not included in Construction Contract)			30,000
8. Moveable Equipment (List all equipment over \$50,000 as separate attachment)			252,000
9. Other (Specify) _____			1,500

B. Acquisition by gift, donation, or lease:

1. Facility (inclusive of building and land)		202,400
2. Building only		0
3. Land only		0
4. Equipment (Specify) _____		0
5. Other (Specify) _____		0

C. Financing Costs and Fees:

1. Interim Financing		10,083
2. Underwriting Costs		
3. Reserve for One Year's Debt Service		
4. Other (Specify) _____		

D. Estimated Project Cost (A+B+C)

1,093,764

E. CON Filing Fee

15,000

F. Total Estimated Project Cost (D+E)

TOTAL \$ 1,108,764

Actual Capital Cost 906,364
Section B FMV 202,400

**ATOKA SURGERY CENTER
COMPARISON OF LEASE OUTLAY VS. FMV OF LEASED SPACE**

SPACE LEASE OUTLAY--FIRST TERM--67 MONTHS			
First Term of Years	part of year	Monthly Rate	Annual Base Lease Outlay
Year 1	12 months	\$2,475.00	\$29,700.00
Year 2	12 months	\$2,475.00	\$29,700.00
Year 3	12 months	\$2,475.00	\$29,700.00
Year 4	12 months	\$2,475.00	\$29,700.00
Year 5	12 months	\$2,475.00	\$29,700.00
Year 6	4 months	\$2,475.00	\$9,900.00
1st Term Total			\$158,400.00

FPSC SPACE--FAIR MARKET VALUE		
FPSC Space	2,280 SF	usable same as rentable
Building Area	9,000 SF	Appraisal
FPSC % of Building	25.3%	FPSC Space / Building Space
Bldg and Land Cost	\$800,000	Based on 2014 appraisal
FPSC Space FMV	\$202,400	\$800,000 X 25.3%

2. Identify the funding sources for this project.

Check the applicable item(s) below and briefly summarize how the project will be financed. (Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.)

x A. Commercial Loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;

B. Tax-Exempt Bonds--copy of preliminary resolution or a letter from the issuing authority, stating favorable contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;

C. General Obligation Bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting;

D. Grants--Notification of Intent form for grant application or notice of grant award;

E. Cash Reserves--Appropriate documentation from Chief Financial Officer; or

F. Other--Identify and document funding from all sources.

The project's funding requirement of approximately \$907,000 will be met through a bank loan from IberiaBank, a local bank which is familiar with the project.

A letter from an IberiaBank officer indicating an interest in funding the project is provided in Attachment B-Economic Feasibility-2.

X TOTAL FACILITY
O PROJECT ONLY

PROJECTED DATA CHART --ATOKA ENDOSCOPY CENTER

Give information for the last three (3) years for which complete data are available for the facility or agency.

The fiscal year begins in January.

		Year 20__ (Year One)	Year 20__ (Year Two)
A.	Utilization Data Cases (Specify unit or measure)	<u>1,485</u>	<u>1,619</u>
B.	Revenue from Services to Patients		
1.	Inpatient Services	\$ <u>0</u>	\$ <u>0</u>
2.	Outpatient Services	<u>1,806,281</u>	<u>1,969,272</u>
3.	Emergency Services	<u>0</u>	<u>0</u>
4.	Other Operating Revenue	<u>0</u>	<u>0</u>
	(Specify) <u>See notes page</u>		
	Gross Operating Revenue	\$ <u>1,806,281</u>	\$ <u>1,969,272</u>
C.	Deductions from Gross Operating Revenue		
1.	Contractual Adjustments	\$ <u>1,078,315</u>	<u>1,175,618</u>
2.	Provision for Charity Care	<u>18,063</u>	<u>19,693</u>
3.	Provisions for Bad Debt	<u>63,220</u>	<u>68,925</u>
	Total Deductions	\$ <u>1,159,598</u>	\$ <u>1,264,236</u>
	NET OPERATING REVENUE	\$ <u>646,683</u>	\$ <u>705,036</u>
D.	Operating Expenses		
1.	Salaries and Wages		
a.	Clinical	\$ <u>177,165</u>	\$ <u>180,620</u>
b.	Non-Clinical	<u>17,562</u>	<u>19,255</u>
2.	Physicians Salaries and Wages	<u>0</u>	<u>0</u>
3.	Supplies	<u>66,825</u>	<u>72,855</u>
4.	Rent		
c.	Paid to Affiliates	<u>29,700</u>	<u>29,700</u>
d.	Paid to Non-Affiliates	<u>0</u>	<u>0</u>
5.	Management Fees		
a.	Paid to Affiliates	<u>0</u>	<u>0</u>
b.	Paid to Non-Affiliates	<u>0</u>	<u>0</u>
6.	Other Operating Expenses <u>See notes page</u>	<u>124,662</u>	<u>131,751</u>
	Total Operating Expenses	\$ <u>415,914</u>	\$ <u>434,181</u>
E.	Earnings Before Interest, Taxes, and Depreciation	\$ <u>230,769</u>	\$ <u>270,855</u>
F.	Non-Operating Expenses		
1.	Taxes	\$ <u>2,340</u>	\$ <u>2,340</u>
2.	Depreciation	<u>97,998</u>	<u>97,998</u>
3.	Interest	<u>50,638</u>	<u>46,437</u>
4.	Other Non-Operating Expenses	<u>4,980</u>	<u>4,980</u>
	Total Non-Operating Expenses	\$ <u>155,956</u>	\$ <u>151,755</u>
	NET INCOME (LOSS)	\$ <u>74,813</u>	\$ <u>119,100</u>

Chart Continues Onto Next Page

	Year One	Year Two
NET INCOME (LOSS)	\$ 74,813	\$ 119,100
G. Other Deductions		
1. Annual Principal Debt Repayment	\$ 100,734	\$ 100,734
2. Annual Capital Expenditure		
Total Other Deductions	\$ 100,734	\$ 100,734
NET BALANCE	\$ (25,921)	\$ 18,366
DEPRECIATION	\$ 97,998	\$ 97,998
FREE CASH FLOW (Net Balance + Depreciation)	\$ 72,077	\$ 116,364

X TOTAL FACILITY
O PROJECT ONLY

PROJECTED DATA CHART – OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year One	Year Two
(examples only)		
1. Office Supplies	\$ 5,940	6,476
2. Housekeeping	9,000	9,900
3. Linen	10,395	11,333
4. Phone Service	4,740	4,740
5. Purchased Services	9,780	9,780
6. Repairs and Maint	15,750	16,554
7. Malpractice Insurance	10,200	10,200
8. Travel	1,800	1,800
9. Revenue Cycle Services	33,237	36,236
10. Utilities	9,120	10,032
11. Education / Training	1,800	1,800
12. Postage	1,500	1,500
13. IT Services	7,800	7,800
14. Other / Misc	3,600	3,600
15.		
Total Other Expenses	\$ 124,662	\$ 131,751

5.A. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Project Previous Year	Project Current Year	Project Year One	Project Year Two	% Change (Current Yr to Yr2)
Gross Charge (Gross Operating Revenue/Utilization Data)	NA	NA	\$1,216	\$1,216	None
Deduction from Revenue (Total Deductions/Utilization Data)	NA	NA	\$781	\$781	None
Average Net Charge (Net Operating Revenue/Utilization Data)	NA	NA	\$435	\$435	None

B. Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

There will be no adjustment to current charges because this is a proposal to establish a new facility.

The projected charges for the most frequently performed procedures are provided in Table B-Economic Feasibility-5B, on the following page.

Table B-Economic Feasibility-5B
Most Frequent ASTC Surgical Procedures and Average Gross Charges
Atoka Surgery Center

CPT	Descriptor	Current Medicare Allowable	Average Gross Charge		
			Current	Projected Year 1	Projected Year 2
43239	Egd biopsy single/multiple	\$350		\$2,100	\$2,100
45378	Diagnostic colonoscopy	\$334		\$2,100	\$2,100
45385	Colonoscopy w/lesion removal	\$439		\$2,800	\$2,800
45380	Colonoscopy and biopsy	\$439		\$2,800	\$2,800
43235	Egd diagnostic brush wash	\$350		\$2,100	\$2,100
45384	Colonoscopy w/lesion removal	\$439		\$2,800	\$2,800
43246	Egd place gastrostomy tube	\$563		\$3,400	\$3,400
45388	Colonoscopy w/ablation	\$439		\$2,800	\$2,800
45381	Colonoscopy submucous njx	\$439		\$2,800	\$2,800
43450	Dilate esophagus 1/mult pass	\$350		\$2,100	\$2,100
43255	Egd control bleeding any	\$563		\$3,400	\$3,400
45382	Colonoscopy w/control bleed	\$439		\$2,800	\$2,800

Source: Applicant and Phybus

C. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

Table B-Economic Feasibility-5B on the preceding page shows current Medicare allowable fee schedules for the procedures to be most frequently performed in the facility.

Table B-Economic Feasibility-5C below shows comparative gross and net charges for similar facilities in the Memphis area, as reported in their Joint Annual Reports for 2015, the most recent source of such data. It compares those averages to this project's projected gross and net charges per case in 2019, four years later than 2015, the data year for the comparable facilities.

Gross revenue is equivalent to the facility's charge schedule, before adjustments. Net revenue is gross revenue minus contractual adjustments, bad debt, and charity, and other deductions (no expenses deducted at that point). Net revenue per case is what payers (patients and their insurers) actually pay the facility.

The Atoka Surgery Center's projected \$429 net cost per case to payers in CY2019 will be equal to or lower than three of these four facilities' costs per case reported two years ago.

Table B-Economic Feasibility-5C: Charge Comparison To Existing Service Area Facilities That Provide Similar Services						
ASTC	JAR Year	Cases	Gross Revenue	Net Revenue	Gross Rev. Per Case	Net Rev. Per Case
Endoscopy Center of the Mid-South	2015	2,022	\$2,719,921	\$482,354	\$1,345	\$239
GI Diagnostic and Therapeutic Center	2015	15,128	\$24,153,936	\$8,232,142	\$1,597	\$544
Memphis Gastro Endo Center East	2015	9,525	\$16,183,509	\$6,228,003	\$1,699	\$654
Mid-South Gastroenterology Group	2015	7,506	\$7,392,038	\$3,155,716	\$985	\$420
This Project: Atoka Surgery Center	2019	1,485	\$1,806,281	\$646,683	\$1,216	\$435

6.A. Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved.

The Projected Data Chart, page 2, indicates that the facility will have a positive cash flow in both Years One and Two. However, it should be noted that this is an unusual situation, in that the facility's rent will also go directly to the sole owner. This will increase the financial feasibility of the investment from the perspective of Dr. Siddiq.

Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project.

Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility. NOTE: Publicly held entities only need to reference their SEC filings.

See Attachment Section B-Economic Feasibility-6A.

6.B. Net Operating Margin Ratio – Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

	2 nd Yr Previous to Current Yr	1 st Yr Previous to Current Yr	Current Yr	Projected Yr 1	Projected Yr 2
Net Operating Margin Ratio	NA	NA	NA	0.357	0.384

7. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payer classification for the first year of the project by completing the table below.

Applicant's Projected Payer Mix, Year 1		
Payer Source	Projected Gross Operating Revenue	As a Percent of Total Revenue
Medicare/Medicare Managed Care	\$1,192,145	66.00%
TennCare/Medicaid	\$126,440	7.00%
Commercial/Other Managed Care	\$415,445	23.00%
Self-Pay	\$13,547	0.75%
Charity Care	\$18,063	1.00%
Other	\$40,647	2.25%
Total	\$1,806,281	100.00%

8. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTE) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

See the Table B-Economic Feasibility-8, on the following page. The applicant cannot locate current prevailing wage patterns for the types of employees needed, on the referenced website or in other documented sources.

The facility will provide anesthesia through a contract with a certified registered nurse anesthetist, who will be in all area TennCare MCO's and who will do his or her own independent billing. That expense and revenue are not included in the Projected Data Chart because they are not part of this facility's financial operation.

6.C. Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business’s permanent (Long-term) financing mix. This ratio best measures a business’s true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt + Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity’s audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

This is not applicable because 100% of the funding is projected to come from IberiaBank, a commercial lender not affiliated with the applicant.

Table B-Economic Feasibility-8: Atoka Endoscopy Center Current and Projected Staffing					
Position Classification	Existing FTEs (Yr 2016)	Projected FTEs (2019)	Average Wage (Contractual Rate)	Areawide / Statewide Average Wage	
A. Direct Patient Care Positions					
Clinical Manager		1.00	\$79,000		unknown
Registered Nurses		0.90	\$66,000		unknown
Surgical/Instrucment Technicians etc		0.45	\$43,000		unknown
Total Direct Patient Care Positions		2.35	\$188,000		
B. Non-Patient Care Positions					
Office Coordinator		0.41	\$37,500		unknown
Total Non-Patient Care Positions		0.41	\$37,500		
Total Employees (A + B)		2.76	\$225,500		
C. Contractual Staff					
Total Staff (A+B+C)		2.76	\$225,500		

Source: Applicant and Phybus

9. Describe all alternatives to this project that were considered and discuss the advantages and disadvantages of each alternative, including but not limited to:

A. Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.

B. Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.

A. Continuation of surgery at 4 separate locations is not acceptable in a single-physician medical practice. Dr. Siddiq needs to reduce his time spent in communities far from his main practice office. Consolidation of the majority of his surgical cases at his Atoka practice location will allow him more time to build his practice. Integration of his surgery with his own practice, in his own facility, will allow Dr. Siddiq alone to control the total cost of care for his patients and to coordinate their clinic and surgical medical records appropriately and efficiently.

A second operating room is not initially proposed, because although it is optimally efficient for a surgeon to move back and forth between O.R.'s, Dr. Siddiq's caseloads do not yet justify the additional expense of a second room. Adjoining space can be leased for expanding surgical capacity in future years, at minimal cost, should the need arise.

The alternative of consolidating more of his cases at one or two existing facilities in the service area was rejected for several reasons. First, Dr. Siddiq cannot control charges and financial accessibility decisions at another facility. Second, he cannot control the type or quality of equipment, supplies, and staffing at another facility. Third, this would not provide his patients with the additional convenience, simplification of paperwork, and reduced waiting time that this project will provide.

Also, use of any existing site would still require Dr. Siddiq to leave his office daily, and be dependent on other surgical environments in which he has no control of paperwork, pricing, staff, supplies, or the O.R. schedule (which can impose unanticipated delays). The practice-based surgery center, which is becoming a common feature in many gastroenterology practices with sufficient caseloads, is more efficient for physician productivity, and is preferred by the majority of patients. It costs less than cases performed in hospitals.

B. The project does not require new construction--only renovation of an existing space adjoining Dr. Siddiq's Atoka practice office.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as transfer agreements or contractual agreements for health services.

Dr. Siddiq's facility, like his practice, will contract with all TennCare MCO's active in his service area. These will be Amerigroup, United Healthcare Community Plan, BlueCare, and TennCare Select.

His facility will request emergency transfer agreements with Methodist University Hospital in Shelby County and with Baptist Tipton County Hospital. He is on staff at both.

2. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

2.A. Positive Effects

With this project, most of Dr. Siddiq's patients will drive shorter distances for their procedures than they do now, and the insurers/payers of those whose procedures are being done in hospitals will realize a substantial savings in reimbursement payments. Patients will be able to come to a location already familiar to them, and more easily accessible (in comparison to Shelby County facilities).

With his endoscopy center adjoining his office, Dr. Siddiq can be much more productive in both settings, by avoiding the excessive drive times he now faces in taking patients to four separate surgical facilities. He will be able to coordinate medical records for surgery and clinic services. He will be able to have simplified paperwork, control over billing and charges, control over supply and equipment decisions, and control over the skill levels and compensation of nurses and techs who will assist in endoscopic cases.

2.B. Negative Effects

There will be a negligible impact on existing facilities in the area. Those used by Dr. Siddiq currently are too busy to accept many of his patients and as a group they reported high average occupancies in their CY2015 Joint Annual Reports. The steady increase in endoscopy rates for the older population (age 50+), and the continued growth of that age population in the service area, should quickly replace the few patients that this project will divert from other providers in Memphis or in rural hospitals.

3.A.. Discuss the availability of an accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies such as the Joint Commission and the Commission on Accreditation of Rehabilitation Facilities.

The facility will be staffed in full compliance with requirements of AAAHC, whose accreditation will be sought, and with State Licensure, who must license this facility in order for it to operate. The minimal new staffing for the project is anticipated to be readily available, given the very large pool of clinical professionals in Shelby County. Subcontracting employees from Dr. Siddiq's own adjoining practice office will be another available option.

3B. Verify that the applicant has reviewed and understands all licensing and/or certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

The applicant so verifies.

3.C. Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

This is too small a surgical facility to be utilized for health professions training programs.

4. Identify the type of licensure and certification requirements applicable and verify that the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: The facility will seek licensure from the Board for Licensing Health Care Facilities, Tennessee Department of Health, as an Ambulatory Surgical Treatment Center restricted to Gastroenterology.

Certification Type (e.g. Medicare SNF, Medicare LTAC, etc.): The facility will seek Medicare and Medicaid certification as an Ambulatory Surgical Treatment Center.

Accreditation (i.e. Joint Commission, CARF, etc.): The facility will seek accreditation from AAAHC, the Accreditation Association for Ambulatory Health Care.

4.A. If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.

Not applicable; this is proposed new facility.

4.B. For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected, by providing a letter from the appropriate agency.

Not applicable; this is a proposed new facility.

4C. Document and explain inspections within the past three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23- ore 90-day termination proceedings from Medicare or Medicaid/TennCare, revocation/denial of accreditation, or other similar actions. (1) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

Not applicable.

5. Respond to all of the following and for such occurrences, identify, explain, and provide documentation:

A. Has any of the following:

- (1) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);**
- (2) Any entity in which any person(s) or entity with more than 5% ownership (direct of indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or**
- (3) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than5%...**

B. Been subjected to any of the following:

- (1) Final Order or Judgment in a State licensure action;**
- (2) Criminal fines in cases involving a Federal or State health care offense;**
- (3) Civil monetary penalties in cases involving a Federal or State health care offense;**
- (4) Administrative monetary penalties in cases involving a Federal or State health care offense;**
- (5) Agreement to pay civil or monetary penalties to the Federal government or any State in cases involving claims related to the provision of health care items and services; and/or**
- (6) Suspension or termination of participation in Medicare or Medicaid/TennCare programs;**
- (7) Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware;**
- (8) Is presently subject to a corporate integrity agreement.**

None of the persons or entities in question 5A above have been subjected to any of the sanctions listed in question 5B above.

6. Outstanding Projects:

- a. Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and**
b. Provide a brief description of the current progress, and status of each applicable outstanding CON.

Outstanding Projects					
			Annual Progress Report*		Expiration Date
CON Number	Project Name	Date Approved	Due Date	Date Filed	
CN					
Status:					

* Annual Progress Reports – HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

Not applicable. The applicant LLC and the applicant's owner (Dr. Siddiq) have not received any prior Certificates of Need.

7. Equipment Registry -- For the applicant and all entities in common ownership with the applicant.

7.a. Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography Scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)?

No.

7.b. If yes, have you submitted their registration to HSDA? If you have, what was the date of the submission?

NA

7.c. If yes, have you submitted their utilization to HSDA? If you have, what was the date of the submission?

NA

Facility	Date of HSDA Registration	Date of Last Utilization Submittal

QUALITY MEASURES

Please verify that the applicant will report annually using forms prescribed by the Agency, concerning continued need and appropriate quality measures as determined by the Agency pertaining to the Certificate of Need, if approved.

The applicant so verifies.

SECTION C: STATE HEALTH PLAN QUESTIONS

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at <http://www.tn.gov/health/topic/health-planning>). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

1. The purpose of the State Health Plan is to improve the health of the people of Tennessee.

This project will make it easier for residents of this aging rural service area to access endoscopic screenings to evaluate and to deal with issues of potential colon cancer.

2. People in Tennessee should have access to health care and the conditions to achieve optimal health.

Again, this project does improve drive time accessibility to endoscopic surgery, for many service area residents who currently are being asked to drive into Memphis for this type of ASTC-based care.

3. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.

The project provides economic efficiencies for payers whose enrollees would otherwise be paying substantially higher charges for the same procedures, in hospital-based operating rooms.

4. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.

Dr. Siddiq will ensure that all phases of this facility equal or exceed quality standards promulgated now, and in the future, by licensing and accrediting agencies.

5. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.

The project is too small to have any significant impact on the workforce.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

This page will be provided under separate cover.

NOTIFICATION REQUIREMENTS

(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)

Note that T.C.A. §68-11-1607(c)(3) states that “...Within ten (10) days of filing an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the member(s) of the House of Representatives and the Senator of the General Assembly representing the district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution based treatment center for opiate addiction has been filed with the agency by the applicant.”

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

Not applicable to an ASTC project.

DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

- 1. Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.**
- 2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the “good cause” for such an extension.**

PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

PHASE	DAYS REQUIRED	Anticipated Date (MONTH /YEAR)
1. Initial HSDA Decision Date	0	8-23-17
1. Architectural & engineering contract signed		9-1-17
2. Construction documents approved by TDH		2-1-18
3. Construction contract signed		2-15-18
4. Building permit secured		3-1-18
5. Site preparation completed		NA
6. Building construction commenced		3-15-18
7. Construction 40% complete		5-15-18
8. Construction 80% complete		7-15-18
9. Construction 100% complete		9-15-18
10. * Issuance of license		10-1-18
11. *Initiation of service		10-15-18
12. Final architectural certification of payment		1-1-19
13. Final Project Report Form (HF0055)		3-1-19

*** For projects that DO NOT involve construction or renovation: please complete items 11-12 only.**

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

MAY 11 '17 PM 1:45

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

JOHN WELLBORN, being first duly sworn, says that he is the lawful agent of the applicant named in this application, that this project will be completed in accordance with the application to the best of the agent's knowledge, that the agent has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete to the best of the agent's knowledge.


SIGNATURE/TITLE
CONSULTANT

Sworn to and subscribed before me this 10th day of May, 2017 a Notary
(Month) (Year)

Public in and for the County/State of DAVIDSON




NOTARY PUBLIC

My commission expires July 2, 2018
(Month/Day) (Year)

INDEX OF ATTACHMENTS

Section A

A-4a	Legal Status and Ownership Structure of Applicant
A-6a	Site Control Documentation
A-6b(1)a-d	Plot Plan
A-6b(2)	Floor Plan

Section B

B-Need-3	Service Area Map
B-Need-State Health Plan-6E	Physician Board Certifications and Qualifications Letter of Intent for Anesthesiology
B-Need-State Health Plan-8A	Medically Underserved Areas
B-Economic Feasibility-1E	Documentation of Construction Cost Estimate
B-Economic Feasibility-2	Documentation of Funding/Financing Availability

Other Attachments

Proof of Publication

Miscellaneous Information

1. TennCare Enrollment
2. Support Letters

A-4A
Legal Status and Ownership Structure
of Applicant



Tre Hargett
Secretary of State

Division of Business Services

Department of State

State of Tennessee

312 Rosa L. Parks AVE, 6th FL

Nashville, TN 37243-1102

HORIZON SURGERY CENTER, LLC
MUHAMMAD SIDDIQ
STE C
340 ATOKA MCLAUGHLIN DR
ATOKA, TN 38004-4825

March 8, 2017

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

SOS Control # :	000892728	Formation Locale:	TENNESSEE
Filing Type:	Limited Liability Company - Domestic	Date Formed:	03/08/2017
Filing Date:	03/08/2017 9:16 AM	Fiscal Year Close:	12
Status:	Active	Annual Report Due:	04/01/2018
Duration Term:	Perpetual	Image # :	B0359-2404
Managed By:	Member Managed		
Business County:	SHELBY COUNTY		

Document Receipt

Receipt # : 003181234	Filing Fee:	\$300.00
Payment-Credit Card - State Payment Center - CC #: 3696778387		\$300.00

Registered Agent Address:
MUHAMMAD S SIDDIQ
9205 BLUFFTOP CV
CORDOVA, TN 38018-7684

Principal Address:
MUHAMMAD SIDDIQ
STE C
340 ATOKA MCLAUGHLIN DR
ATOKA, TN 38004-4825

Congratulations on the successful filing of your **Articles of Organization** for **HORIZON SURGERY CENTER, LLC** in the State of Tennessee which is effective on the date shown above. You must also file this document in the office of the Register of Deeds in the county where the entity has its principal office if such principal office is in Tennessee. Please visit the Tennessee Department of Revenue website (apps.tn.gov/bizreg) to determine your online tax registration requirements. If you need to obtain a Certificate of Existence for this entity, you can request, pay for, and receive it from our website.

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.

Tre Hargett
Secretary of State



000892728

**ARTICLES OF ORGANIZATION
LIMITED LIABILITY COMPANY**

SS-4270

**Tre Hargett**
Secretary of State**Division of Business Services
Department of State
State of Tennessee**
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102
(615) 741-2286Filing Fee: \$50.00 per member
(minimum fee = \$300.00, maximum fee = \$3,000.00)

For Office Use Only

-FILED-

Control # 000892728

The Articles of Organization presented herein are adopted in accordance with the provisions of the Tennessee Revised Limited Liability Company Act.**1. The name of the Limited Liability Company is:** HORIZON SURGERY CENTER, LLC

(Note: Pursuant to the provisions of T.C.A. §48-249-106, each Limited Liability Company name must contain the words "Limited Liability Company" or the abbreviation "LLC" or "L.L.C.")

2. Name Consent: (Written Consent for Use of Indistinguishable Name)☐ This entity name already exists in Tennessee and has received name consent from the existing entity.**3. This company has the additional designation of:** None**4. The name and complete address of the Limited Liability Company's initial registered agent and office located in the state of Tennessee is:**MUHAMMAD S SIDDIQ
9205 BLUFFTOP CV
CORDOVA, TN 38018-7684
SHELBY COUNTY**5. Fiscal Year Close Month:** December**6. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date and time is:**
(none) (Not to exceed 90 days)**7. The Limited Liability Company will be:**☒ Member Managed☐ Manager Managed☐ Director Managed**8. Number of Members at the date of filing:** 2**9. Period of Duration:** Perpetual**10. The complete address of the Limited Liability Company's principal executive office is:**MUHAMMAD SIDDIQ
STE C
340 ATOKA MCLAUGHLIN DR
ATOKA, TN 38004-4825
SHELBY COUNTY

B0359-2404 03/08/2017 9:16 AM Received by Tennessee Secretary of State Tre Hargett



B0359-2405 03/08/2017 9:16 AM Received by Tennessee Secretary of State Tre Hargett

ARTICLES OF ORGANIZATION LIMITED LIABILITY COMPANY

SS-4270



Tre Hargett
Secretary of State

Division of Business Services

Department of State

State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102
(615) 741-2286

Filing Fee: \$50.00 per member
(minimum fee = \$300.00, maximum fee = \$3,000.00)

For Office Use Only

-FILED-

Control # 000892728

The name of the Limited Liability Company is: HORIZON SURGERY CENTER, LLC

11. The complete mailing address of the entity (if different from the principal office) is:

MUHAMMAD SIDDIQ
STE C
340 ATOKA MCLAUGHLIN DR
ATOKA, TN 38004-4825

12. Non-Profit LLC (required only if the Additional Designation of "Non-Profit LLC" is entered in section 3.)

- ☐ I certify that this entity is a Non-Profit LLC whose sole member is a nonprofit corporation, foreign or domestic, incorporated under or subject to the provisions of the Tennessee Nonprofit Corporation Act and who is exempt from franchise and excise tax as not-for-profit as defined in T.C.A. §67-4-2004. The business is disregarded as an entity for federal income tax purposes.

13. Professional LLC (required only if the Additional Designation of "Professional LLC" is entered in section 3.)

- ☐ I certify that this PLLC has one or more qualified persons as members and no disqualified persons as members or holders.

Licensed Profession:

14. Series LLC (optional)

- ☐ I certify that this entity meets the requirements of T.C.A. §48-249-309(a) & (b)

15. Obligated Member Entity (list of obligated members and signatures must be attached)

- ☐ This entity will be registered as an Obligated Member Entity (OME) Effective Date: (none)
☐ I understand that by statute: THE EXECUTION AND FILING OF THIS DOCUMENT WILL CAUSE THE MEMBER(S) TO BE PERSONALLY LIABLE FOR THE DEBTS, OBLIGATIONS AND LIABILITIES OF THE LIMITED LIABILITY COMPANY TO THE SAME EXTENT AS A GENERAL PARTNER OF A GENERAL PARTNERSHIP. CONSULT YOUR ATTORNEY.

16. This entity is prohibited from doing business in Tennessee:

- ☐ This entity, while being formed under Tennessee law, is prohibited from engaging in business in Tennessee.

17. Other Provisions:

Electronic

Signature

Muhammad S Siddiq

Printed Name

Member

Title/Signer's Capacity

Mar 8, 2017 9:16AM

Date



Tennessee
Secretary of
State
Tre Hargett

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Business Services Online > Find and Update a Business Record

Business Information Search

As of April 04, 2017 we have processed all corporate filings received in our office through April 03, 2017 and all annual reports received in our office through April 02, 2017.

Click on the underlined control number of the entity in the search results list to proceed to the detail page. From the detail page you can verify the entity displayed is correct (review addresses and business details) and select from the available entity actions - file an annual report, obtain a certificate of existence, file an amendment, etc.

Search: 1-1 of 1

Search Name: ☒ Starts With ☐ Contains

Control #:

Active Entities Only: ☐

Control #	Entity Type	Name	Name Type	Name Status	Entity Filing Date	Entity Status
<u>000892728</u>	LLC	HORIZON SURGERY CENTER, LLC TENNESSEE	Entity	Active	03/08/2017	Active

1-1 of 1

Information about individual business entities can be queried, viewed and printed using this search tool for free.

If you want to get an electronic file of all business entities in the database,
the full database can be downloaded for a fee by [Clicking Here](#).

[Click Here](#) for information on the Business Services Online Search logic.

Division of Business Services
312 Rosa L. Parks Avenue, Snodgrass Tower, 6th
Floor
Nashville, TN 37243
615-741-2286
8:00 a.m. until 4:30 p.m. (Central) Monday - Friday.
[Directions](#) | [State Holidays](#) | [Methods of Payment](#)

Business Filings and Information (615) 741-2286 | TNSOS.CORPINFO@tn.gov
Certified Copies and Certificate of Existence (615) 741-6488 | TNSOS.CERT@tn.gov
Motor Vehicle Temporary Liens (615) 741-0529 | TNSOS.MVTL@tn.gov
Notary Commissions (615) 741-3699 | TNSOS.ATS@tn.gov
Uniform Commercial Code (UCC) (615) 741-3276 | TNSOS.UCC@tn.gov
Workers' Compensation Exemption Registrations (615) 741-0526 | TNSOS.WCER@tn.gov
Apostilles & Authentications (615) 741-0536 | TNSOS.ATS@tn.gov
Summons (615) 741-1799 | TNSOS.ATS@tn.gov
Trademarks (615) 741-0531 | TNSOS.ATS@tn.gov
Nonresident Fiduciaries (615) 741-0536 | TNSOS.ATS@tn.gov

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Our mission is to exceed the expectations of our customers, the taxpayers, by operating at the highest levels of accuracy, cost-effectiveness, and accountability in a customer-centered environment.

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Tennessee Secretary of State
Tre Hargett



A.6A

Site Control Documentation

LEASE AGREEMENT

**For Crosswinds Center
340 Atoka McLaughlin Drive, Suite B
Atoka, TN 38004**

By and between

BYTIQ group, LLC “Lessor”

And

Horizon Surgery Center “Lessee”

INDEX

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Section 2	Quiet Enjoyment
Section 3	Use of Premises
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Section 8	Utilities
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Section 11	Subornation of Lease
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Section 14	Default
Section 15	Abandonment
Section 16	Insurance
Section 17	Taxes
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Section 19	Subleasing
Section 20	Signage

[illegible]

WITNESSETH:

340 Atoka McLaughlin Drive, Suite B
Atoka, Tennessee

Lessee agrees to pay, without demand, to Lessor, as rent for the demised premises, the sum of \$1800.00 per month in advance on or before the 1st day of each calendar month beginning **September 1, 2017** for 64 months. The monthly installments of Base Rent and additional charges payable as rent shall be sent to the address or electronic transfer for payment of rent as set forth in this Lease Agreement.

SECTION TWO

QUIET ENJOYMENT

3

SECTION THREE USE OF PREMISES

The demised premises shall be used and occupied by Lessee for the operation of a **Medical practice mainly surgery/endoscopy center, and can do so without lessor prior approval.** Lessee shall not use the premises for any unlawful or immoral purpose. Lessee shall comply with all sanitary laws, ordinances, rules and orders of appropriate governmental authorities affecting the cleanliness, occupancy and preservation of the demised premises, and the sidewalks and asphalt lot connected thereto during the term of this lease. Notwithstanding the foregoing, there shall be no obligation on the part of Lessor to comply with any rules, regulations and laws which may require structural alterations, structural changes, structural repairs or structural additions, unless made necessary by act, work or omission by Lessee, in which event Lessee shall comply at its expense.

SECTION FOUR CONDITION OF PREMISES

Lessee stipulates that he has examined the demised premises including the grounds and all buildings and improvements, and that, to the best of Lessee's knowledge; they are, at the time of this lease, in good order, repair and safe, clean and tenantable condition.

SECTION FIVE ALTERATIONS AND IMPROVEMENTS

Lessee shall pay for all alterations to the leased space for his specific needs at no costs to the Lessor with prior approval of Lessor and staying in compliance with state and local building codes. All alterations, changes and improvements built, constructed, or placed on the demised premises by Lessee, with the exception of fixtures removable without damage to the premises and moveable personal property, shall unless otherwise provided by written agreement between Lessor and Lessee, be the property of Lessor and remain on the demised premises at the expiration or sooner termination of this lease.

Upon expiration of this Lease, or any renewal term thereof, the Lessee shall remove its trade fixtures, signage, decorations, or any personal property that can be removed without molestation to the structural integrity of the Leased Premises

SECTION SIX DAMAGE TO PREMISES

If the demised premises, or any part thereof, shall be partially damaged by fire or other casualty not due to Lessee's negligence or willful act or that of its employee, family, agent or visitor, the premises shall be promptly repaired by Lessor and there shall be an abatement of rent corresponding with the time during which, and the extent to which, the leased premises have been untenable; notwithstanding the foregoing, in the

event that 30% or more of the leased premises or 50% or more of the building of which they are a part are destroyed or rendered untenable by fire or other casualty, Lessor or Lessee shall have an option to terminate this lease effective as of date of such casualty by giving to the other party within 45 days after the happening of such casualty written notice of such termination.

If the demised premises or any part thereof, shall be partially damaged by fire or other casualty or completely rendered untenable by Lessee's negligence or willful act or that of its employee, family, agent or visitor, the Lessor shall have the option whether or not to rebuild or repair; but there shall be no apportionment abatement of any rent. Notwithstanding the foregoing provision, in the event the demised premises shall be damaged by fire or other casualty, the Lessor hereby reserves, without prejudice, all rights and remedies available to the Lessor either in law or in equity.

SECTION SEVEN DANGEROUS MATERIALS

Lessee shall not keep or have on the leased premises any article or thing of a dangerous, inflammable or explosive character that might unreasonably increase the danger of fire on the leased premises or that might be considered hazardous by any responsible insurance company.

SECTION EIGHT UTILITIES

Lessee shall be responsible for arranging for and paying all utility services, including any additional outside security lights required on the premises.

SECTION NINE MAINTENANCE AND REPAIR

Lessor agrees to keep the roof of leased premises in good repair provided the need of repair is not caused by the acts of Lessee, but Lessor shall not be held or deemed liable for any damages to Lessee because of roof leaks. Lessor will use reasonable diligence to correct roof leaks. Lessor shall further be responsible for all repairs to **central air-condition and heating system**, structural repairs, major electrical and major plumbing). Lessee shall be responsible for all non-structural repairs to the premises and changing the air filters monthly on the heat and air unit. **All repairs or maintenance on the build out and structural changes performed by the Lessee shall be the sole responsibility of the Lessee at no cost to the Lessor throughout the term of this lease.** Lessor shall have the right to enter the premises to make any needed repairs between the hours of 8:00 a.m. and 5:00 p.m. with prior notice and consent of Lessee. The Lessor shall only enter the premises after receiving permission from the Lessee during any other time, unless the premises are in immediate danger of damage due to a delay in repair. Lessor shall commence any emergency repairs for which Lessor is responsible in accordance with this Lease Agreement within 48 hours after Lessee's notice to Lessor. Emergency repairs shall be defined as any repair which is required to be performed on an expedited basis to

prevent damage to Lessee's trade fixtures, equipment or unreasonable disruption to Lessee's business.

SECTION TEN RIGHT OF INSPECTION

Lessor and his agents shall have the right at all reasonable times after giving reasonable prior notice during the term of this lease and any renewal thereof to enter the demised premises for the purpose of inspecting the premises and all building and improvements thereon.

SECTION ELEVEN SUBORDINATION OF LEASE

This lease and the Lessee's leasehold interest hereunder are and shall be subject, subordinate and inferior to any liens or encumbrances now or thereafter placed on the demised premises by Lessor, all advances made under any such liens or encumbrances, the interest payable on any such liens or encumbrances, and any and all renewals or extensions of such liens or encumbrances.

Notwithstanding anything herein to the contrary, as long as Lessee is not in default beyond any cure period provided in the Lease in either the payment of rent or in the performance of any of the terms, covenants, or conditions of said Lease beyond any cure period provided in the Lease, Lender of Mortgagee will neither terminate the Lease through foreclosure sale or by deed in lieu thereof, nor join Lessee in summary or foreclosure proceedings nor disturb the quiet enjoyment or peaceable possession of Lessee under the Lease.

SECTION TWELVE HOLDOVER BY LESSEE

Should Lessee remain in possession of the demised premises with the consent of Lessor after the natural expiration of this lease, a new tenancy from month to month shall be created between the Lessor and Lessee which shall be subject to all terms and conditions hereof but shall be terminable on ninety (90) days written notice served by either Lessor or Lessee on the other party. The holdover rate for such month-to-month tenancy shall be 110% of the rate in effect prior to the expiration of the Lease term.

SECTION THIRTEEN SURRENDER OF PREMISES

At the expiration of the lease term, Lessee shall quit and surrender the premises hereby demised in as good state and condition as they were at the commencement of this lease, reasonable use and wear thereof and damages by the elements accepted.

SECTION FOURTEEN DEFAULT

If any default is made in the payment of rent, or any part thereof, at the times hereinbefore specified, or if any default is made in the performance of or compliance with any other terms or conditions hereof, the Lease, at the option of the Lessor, shall terminate and be forfeited, and Lessor may re-enter the premises and remove all persons therefrom. Lessee shall be given written notice of any default or breach, and termination and forfeiture of the lease shall not result if, within 30 days of receipt of such notice, Lessee has corrected the default or breach or has taken action reasonably likely to affect such correction within a reasonable time. If at any time either party must institute legal proceedings to enforce this lease then the prevailing party shall be entitled to an award of attorney's fees and court costs.

SECTION FIFTEEN ABANDONMENT

If at any time during the term of this lease Lessee abandons the demised premises, or any part thereof, Lessor may, at his option, enter the demised premises by any means without being liable for any prosecution thereof, and without becoming liable to Lessee for damages or for any payment of any kind whatever, and may, at his discretion, as agent for Lessee, relet the demised premises, or any part thereof, for the whole or any part of the then unexpired term, and may receive and collect all rent payable for virtue of such reletting and, at Lessor's option, hold Lessee liable for any difference between the rent that would have been payable under this Lease during the balance of the unexpired term, if this lease had continued in force, and the net rent for such period realized by Lessor by means of such reletting. If Lessor's right of re-entry is exercised following abandonment of the premises by Lessee, then Lessor may consider any personal property belonging to Lessee and left on the premises to also have been abandoned.

For purposes of Section Fifteen, abandonment shall be defined as a cessation of business without the continued payment of rent, and violation of the foregoing paragraph.

SECTION SIXTEEN INSURANCE

Lessor shall maintain all hazard insurance on the premises. **Lessee shall carry liability insurance on said premises in an amount not less than \$1,000,000.00 per occurrence.** Lessee agrees to hold Lessor harmless against any liability claim filed against Lessor. Nothing contained herein to the contrary shall release Lessor from liability for the negligent acts or omissions of Lessor, its employees, agents, or contractors. Lessee agrees to purchase insurance for any property owned by it and kept on the premises.

Lessor agrees to defend, indemnify and hold Lessee harmless from and against any claims, fines, penalties, suits or judgments arising out of, or in connection with, the negligent acts or omissions caused by Lessor, its employees, servants, agents, licensees, or contractors and Lessor shall further defend, indemnify and hold harmless Lessee from and against any and all claims, fines, penalties, suits or judgments arising out of, or in connection with, any breach, violation or nonperformance by Lessor, his employees, agents, licensees, or contractors, with respect to the Lease Agreement hereof.

Lessor and Lessee agree that if the interests on which they have obtained insurance in connection with the transaction contemplated hereby shall be damaged or destroyed during the term of this Lease by a peril insurable under a standard fire and extended coverage policy, neither party shall have liability to the other or to an insurer of the other where such loss is caused by a peril of the type generally covered by fire or casualty insurance with extended coverage or arising from any cause which the claiming party was obligated to insure against under this Lease.

SECTION SEVENTEEN TAXES

During the term of this Lease, Lessee agrees to pay all real estate taxes assessed against the leased premises as pro-rated and added to monthly lease payment. 2017 Taxes for building \$9,247.00 /9,000 sq ft =\$1.03 sq @ 2280 square foot \$2348.40 per year /12 = \$195.70 per month, rounded off to \$195.00 per month.

SECTION EIGHTEEN PLACE OF PAYMENT

All notices and monthly payments of rent shall be paid to Lessor whose address is **340 Atoka McLaughlin Drive, Suite C, Tennessee 38004**

SECTION NINETEEN SUBLEASING

This Lease shall not be subleased without prior written consent of the Lessor. Lessor shall not unreasonably withhold, delay or deny Lessee's request to assign or sublet this Lease, provided such assignment or subletting does not violate the permitted use of any existing Lessee, and the proposed assignee or subLessee is reputable and

creditworthy, with sufficient net worth and financial ability to perform all of the obligations to be undertaken by Lessee.

SECTION TWENTY
SIGNAGE

The Lessee shall incur the cost for signage during the lease term. The Lessor will provide the metal signage box on the roof awning and name rider on the property signage at Atoka-McLaughlin Drive at no additional cost to the Lessee. The Lessee is to supply the signage insert for the awning sign box, the graphics related to the sign and labor for installation. The Lessee is also allowed to place signage on the entry suite door. The Lessee shall cover the cost (material and labor) for the signage and installation. All signage is subject to the Lessor's review and final approval.

IN WITNESS WHEREOF, the parties have executed this lease at Tipton County, Tennessee, the day and year first above written.

Shameela Ahmed,
On behalf of **BYTIQ GROUP, LLC**

Shameela Ahmed
Lessor

DATE: 2/27/17

Muhammad Siddiq, MD
On behalf of **Horizon Surgery Center**

Muhammad Siddiq
Lessee

DATE: 2/27/17

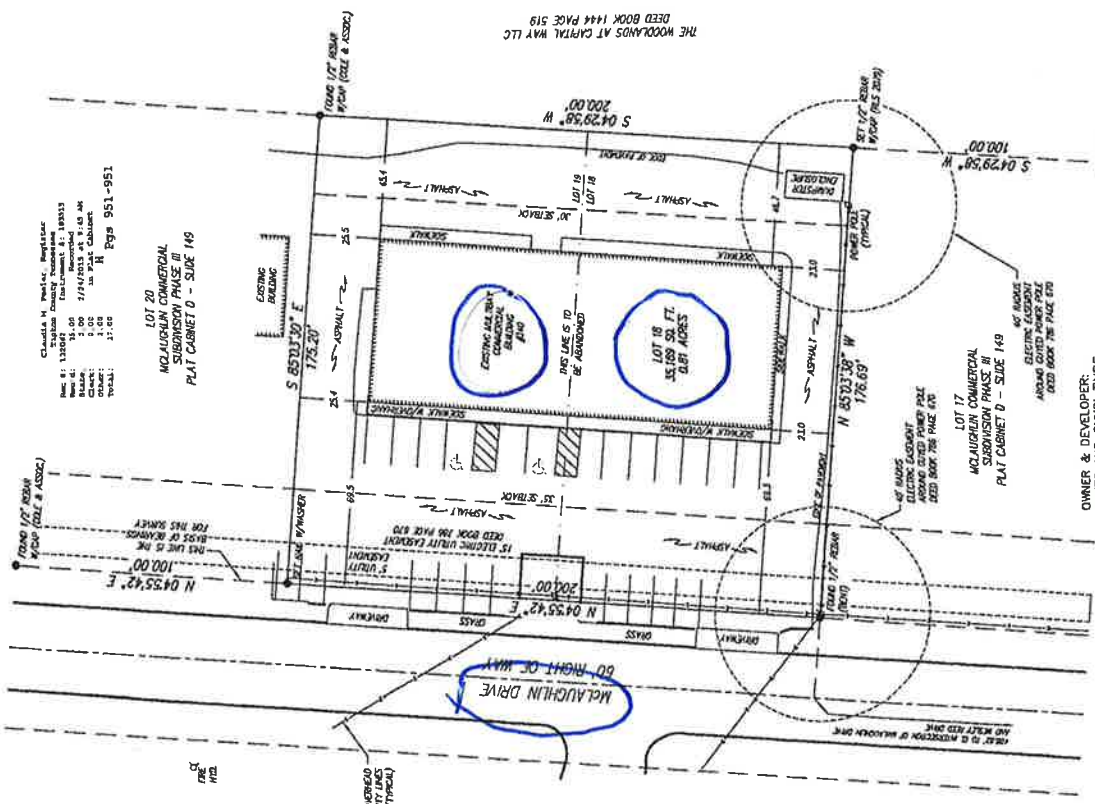
Monthly Lease	\$ 2280.00
Pro-rated Property Tax	\$ 195.00
Total Due Monthly	\$ 2475.00

A-6B(1)a-d

Plot Plan

CLAUDE M. POOLAR	REGISTER
MAZDA CRUZE 1990SE	
INSTRUMENT # 180353	RECORDED
7/24/2015 AT 9:45 AM	IN PLAT CABINET
	H
REGS 951-951	

LOT 20
MCLAUGHLIN COMMERCIAL
SUBDIVISION PHASE III
PLOT CABINET D - SLIDE 149



OWNER & DEVELOPER:

JAMES AND CYNDI TIMBS
DEED BOOK 1642 PAGE 95
TAX MAP 111F PARCEL 18.00 (LOT 18)
TAX MAP 111F PARCEL 19.00 (LOT 19)

McLAUGHLIN COMMERCIAL SUBDIVISION PHASE III
PLAT CABINET D SLIDE 149

2 LOTS RESUBDIVIDED
0.81 ACRES RESUBDIVIDED

ZONED: G-C

CONSULT THE TOWN OF ATOKA
ZONING ORDINANCE FOR FURTHER
RESTRICTIONS WHICH MAY APPLY.

NOTE:
THE PURPOSE OF THIS PLAT IS
TO COMBINE LOT 18 AND LOT 19
INTO ONE SINGLE LOT.

FLOOD HAZARD CERTIFICATION

Based on maps prepared by the Federal Emergency Management Agency (FEMA), which has the property (the subject property) located within the limits of a designated flood hazard area. The subject property is within Zone X for FEMA Flood Map Number 478575010R dated December 10, 2006. Flood zone X is an area of flood hazard with a 1% annual chance flood. No other information is available from FEMA regarding the property. No field survey was performed to determine this point, and an elevation certificate may be needed to verify the accuracy of the maps and/or to apply for a variance from FEMA.

CERTIFICATE OF SURVEY

⁷ hereby certify that this is a category 1 survey and the ratio of precision of the unadjusted survey is at least 1:10,000 as shown herein.

THE WORD "CERTIFY" OR "CERTIFICATE" AS SHOWN AND USED HEREON MEANS AN EXPRESSION OF PROFESSIONAL OPINION REGARDING THE FACTS OF THE SURVEY AND DOES NOT CONSTITUTE A WARRANTY OR GUARANTEE, EXPRESSED OR IMPLIED. THIS CERTIFICATION IS NOT MEANT TO IMPLY "PERFECTION". IT IS MEANT TO IMPLY "PROFESSION". THIS CERTIFICATION IS FROM NEGLIGENCE. THIS CERTIFICATION IS MEANT TO EXPRESS THAT THE NORMAL STANDARD OF REASONABLE, ORDINARY, AND CUSTOMARY CARE HAS BEEN FOLLOWED DURING THE COURSE OF THIS SURVEY.

ORIGINAL SHEET SIZE: 18" X 24"

DRAWING FILE

1425.DWG	JOB NO.
SCALE: 1" = 30'	SHEET 1 OF 1 SHEETS
DATE: 2/3/2015	

FINAL PLAN



TURNING POINT LAND SURVEYS

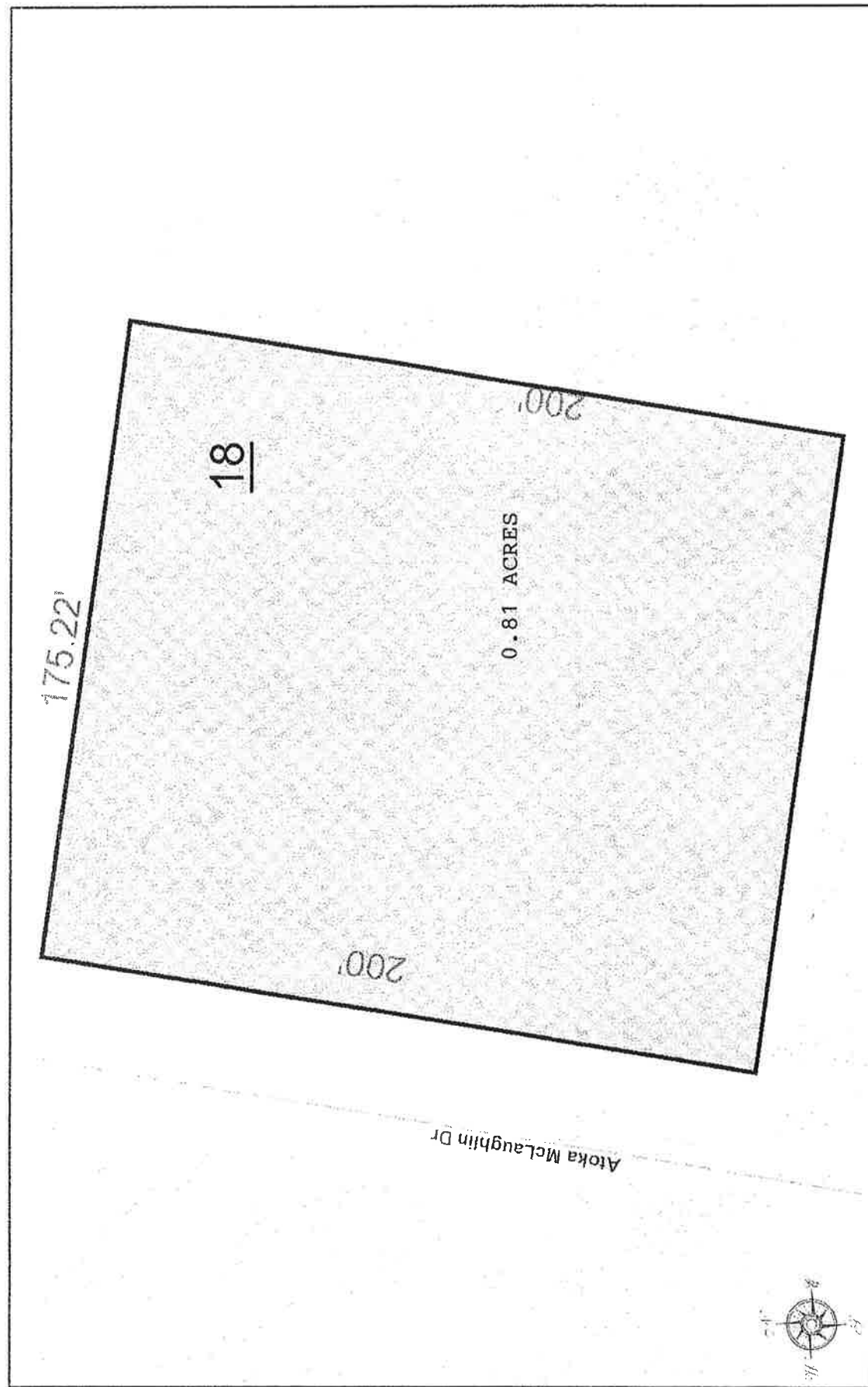
LAND SURVEYING - MAPPING
P.O. BOX 455 - BRIGHTON, TN 38011
Office: 601-837-6273 - Fax 901-502-0911
www.brightonandsurvey.com

email: jimmy@tpis.us

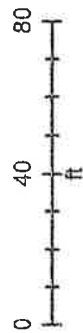
RESUBDIVISION OF LOTS 18 & 19

McLAUGHLIN COMMERCIAL-S/D PHASE III

340 ATOKA MCLAUGHLIN DR



TIPTON COUNTY, TENNESSEE



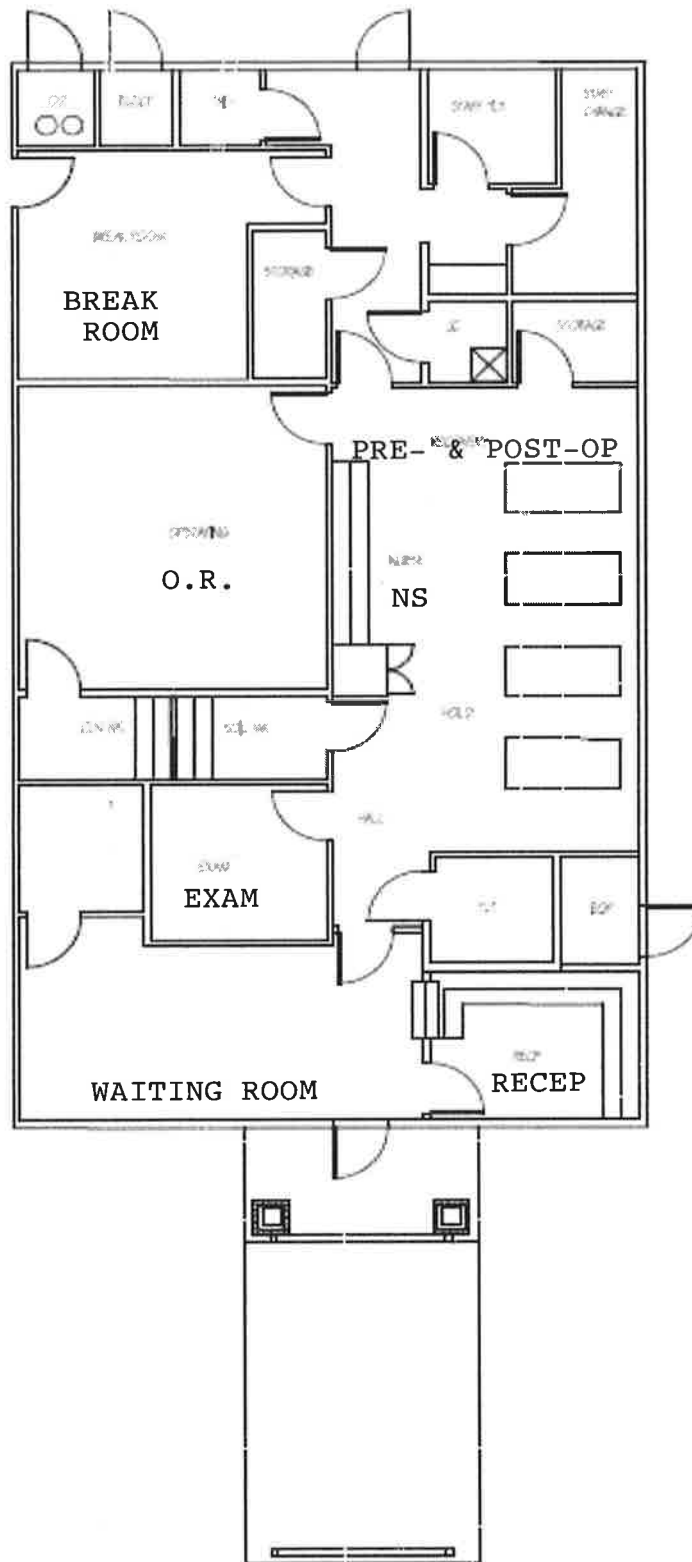
DISCLAIMER: THIS MAP IS FOR PROPERTY TAX ASSESSMENT PURPOSES ONLY. IT WAS CONSTRUCTED FROM PROPERTY INFORMATION RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS AND IS NOT CONCLUSIVE AS TO LOCATION OF PROPERTY OR LEGAL OWNERSHIP.

MAP DATE: February 28, 2017

A-6B(2)

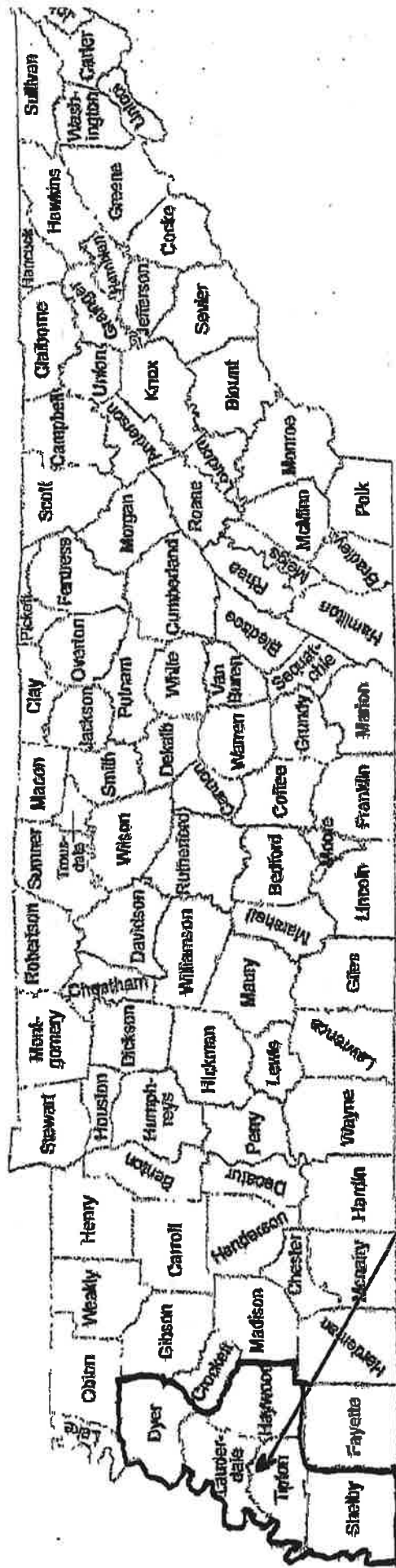
Floor Plans

HORIZON SURGERY CENTER



B-Need-3

Service Area Map



**HORIZON ENDOSCOPY CENTER
PROJECT SERVICE AREA**

B-Need-State Health Plan-6E

Physician Board Certifications and Qualifications

THE
AMERICAN BOARD OF INTERNAL MEDICINE
INCORPORATED 1936
ATTESTS THAT
Muhammad Sohail Siddiq

HAS MET THE REQUIREMENTS OF THIS BOARD AND IS HEREBY
CERTIFIED FOR THE PERIOD 2013 THROUGH 2023
AS A DIPLOMATE IN
GASTROENTEROLOGY



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2013

NUMBER 176886

9205 BLUFFTOP CV, CORDOVA, TN 38018
PHONE: (901) 828-6893 FAX: (901) 837-0183 • mssiddiqs@yahoo.com

MUHAMMAD S. SIDDIQ, M.D.

I am an experienced Board Certified Gastroenterologist, proficient in all aspects of diagnostic and therapeutic endoscopies. I have superior business acumen, being a responsible leader and believer in team success.

Objective

I am enthusiastic to be a member of a group practice in which I can offer all Gastrointestinal procedures including Capsule Endoscopy studies with superior patient care.

Education

07/1997 - 06/2000	Fellowship in Gastroenterology Cook County Hospital	Chicago, Illinois
07/1994 - 06/1997	Residency in Internal Medicine St. Vincent's Medical Center	Staten Island, NY
01/1989 - 07/1989	Internship in General Surgery Civil Hospital	Karachi, Pakistan
07/1988 - 01/1989	Internship in General Medicine Civil Hospital	Karachi, Pakistan
1988	Bachelor of Medicine and Surgery Dow Medical College University of Karachi, Pakistan	Karachi, Pakistan

Professional Experience

06/2001 - 05/2007	Mid-South Gastroenterology Group	1417 Monroe Ave. Memphis, TN 38104
05/2007 - Present	Horizon Gastroenterology & Neurology (Solo Practitioner)	340 Atoka McLaughlin Dr., Suite C Atoka, TN 38004

Expert Endoscopist with proficiency in difficult polypectomies.
Extensive experience in ERCP and esophageal, colonic, and biliary stent placements.
Certified for HALO procedure for Barrett's ablation.

Affiliations

Methodist Healthcare – Memphis Hospitals 1265 Union Ave, Memphis, TN 38104	Status: Active	Appointment date: 9/13/2001
Methodist Extended Care Hospital 1265 Union Ave, 5 Thomas Wing, Memphis, TN 38104	Status: Active	Appointment date: 11/29/2001

Baptist Memorial Healthcare
350 N. Humphrey's Blvd, Memphis, TN 38104

Status: Courtesy

Appointment date: 1/28/2003

St. Francis Hospital - Bartlett
2986 Kate Bond Rd, Memphis, TN 38133

Status: Consulting

Appointment date: 8/5/2004

St. Francis Hospital – Memphis
5959 Park Avenue, Memphis, TN 38119

Status: Consulting

Appointment date: 2/1/2008

Certifications

Board Re-Certification in Gastroenterology	2013
Board Certification in Gastroenterology	2000
Board Certification in Internal Medicine	1997

Personal

Date of Birth: 05/17/1964

Marital Status: Married to Dr. Shameela Ahmed, Board Certified in Neurology and Sleep Medicine

Father of 4 beautiful children

Membership

AMA: American Medical Association

AGA: American Gastrointestinal Association

ASGE: American Society of Gastrointestinal Endoscopy

ACG: American Society of Gastroenterology

East Memphis Anesthesia Services, PLLC

1068 Cresthaven Suite 150 • Memphis, TN 38119

Phone 901-682-2872 • Fax 901-682-9316

May 5, 2017

Muhammad Siddiq, M.D.
Horizon Gastroenterology & Neurology
340 Atoka Laughlin Drive, Suite B
Atoka, TN 38004

RE: Anesthesia Coverage for Proposed Endoscopy Center in Atoka

Dear Dr. Siddiq:

Thank you for contacting us with regard to furnishing anesthesia coverage for your proposed Horizon Surgery Center in Atoka.

We would be pleased to work toward a contract for CRNA coverage of that facility, once the facility receives Certificate of Need approval.

The service would be through a CRNA associated with our practice. Our group will be responsible for all anesthesia billing and will be in contract with area MCO's with which you also contract.

Sincerely,



Marc Eskin, D.O.
Chief Manager

B-Need-State Health Plan-8A

Medically Underserved Areas

MUA Find Results

Search Criteria

Click on a column heading to sort the results in ascending or descending order.


Start Over Modify Search Criteria Map View

State: Tennessee
County: Tipton County
MUA ID: All

Data as of 4/25/2017

Collapse All



1	Page Size: 20							01 items in 01 pages
County Name ⓘ	County FIPS Code ⓘ	Service Area Name ⓘ	MUA/P Source Identification Number ⓘ	Designation Type ⓘ	Population Type ⓘ	Index of Medical Underservice Score ⓘ	MUA/P Designation Date ⓘ	MUA/P Update Date ⓘ
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Tipton County	167	TIPTON SERVICE AREA	03232	Medically Underserved Area	Medically Underserved Area	44.90	11/01/1978	11/01/1978
1	Page Size: 20							01 items in 01 pages

MUA Find Results

Search Criteria

Click on a column heading to sort the results in ascending or descending order.


Start Over Modify Search Criteria Map View

State: Tennessee
County: Lauderdale County
MUA ID: All

Data as of 4/25/2017

Collapse All



1		Page Size: 20							01 items in 01 pages								
<u>County Name</u> ⓘ		<u>County FIPS Code</u> ⓘ		<u>Service Area Name</u> ⓘ		<u>MUA/P Source Identification Number</u> ⓘ		<u>Designation Type</u> ⓘ		<u>Population Type</u> ⓘ		<u>Index of Medical Underservice Score</u> ⓘ		<u>MUA/P Designation Date</u> ⓘ		<u>MUA/P Update Date</u> ⓘ	
		<input type="text"/>		<input type="text"/>		<input type="text"/>		<input type="text"/>		<input type="text"/>		<input type="text"/>		<input type="text"/>		<input type="text"/>	
Lauderdale County		097		Lauderdale County		03206		Medically Underserved Area		Medically Underserved Area		56.30		11/01/1978		05/21/2014	
1		Page Size: 20							01 items in 01 pages								

MUA Find Results

Search Criteria

Click on a column heading to sort the results in ascending or descending order.


Start Over Modify Search Criteria Map View

State: Tennessee
County: Haywood County
MUA ID: All

Data as of 4/25/2017

Collapse All



1	Page Size: 20							01 items in 01 pages	
County Name ⓘ	County FIPS Code ⓘ	Service Area Name ⓘ	MUA/P Source Identification Number ⓘ	Designation Type ⓘ	Population Type ⓘ	Index of Medical Underservice Score ⓘ	MUA/P Designation Date ⓘ	MUA/P Update Date ⓘ	
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
Haywood County	075	Haywood County	1471717885	Medically Underserved Area	Medically Underserved Area	56.10	11/01/1978	04/13/2017	
1	Page Size: 20							01 items in 01 pages	

MUA Find Results

Search Criteria

Click on a column heading to sort the results in ascending or descending order.

Start Over Modify Search Criteria Map View

State: Tennessee
County: Dyer County
MUA ID: All

Data as of 4/25/2017

Collapse All



1	Page Size: 20	02 items in 01 pages						
County Name ⓘ	County FIPS Code ⓘ	Service Area Name ⓘ	MUA/P Source Identification Number ⓘ	Designation Type ⓘ	Population Type ⓘ	Index of Medical Underservice Score ⓘ	MUA/P Designation Date ⓘ	MUA/P Update Date ⓘ
Dyer County	045	Mississippi-Oblon Service Area	03271	Medically Underserved Area	Medically Underserved Area	56.00	07/12/1994	07/12/1994
MCD (90616) District 4								
MCD (90806) District 5								
Dyer County	045	Newbern Service Area	03272	Medically Underserved Area	Medically Underserved Area	60.30	07/12/1994	07/12/1994
MCD (90236) District 2								
1	Page Size: 20	02 items in 01 pages						

B-Economic Feasibility-1E

Documentation of Construction Cost Estimate



March 2, 2017

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Horizon Endoscopy Center

Dear Mrs. Hill:

We have reviewed the project data provided for the tenant renovation of 2,280 square feet for the proposed Horizon Endoscopy Center. Based on our experience and knowledge of the current construction market for this type of application, it is our opinion that a construction cost of \$437,760, which represents a PSF cost of \$192, is a reasonable estimate for the development of the proposed ambulatory surgery treatment facility.

Below is a listing of building codes and regulations to be followed in completion of this project:

- 2012 International Building Code
- 2012 International Plumbing Code
- 2012 International Mechanical Code
- 2012 International Fuel Gas Code
- 2012 NFPA 1, including Annex A which incorporates the 2012 edition of the Life Safety Code
- 2009 U.S. Public Health Service Code
- 2011 National Electrical Code
- The handicap code as required by T.C.A. § 68-120-204(a) for all new and existing facilities are subject to the requirements of the 1999 North Carolina Handicapped Accessibility Code with 2004 Amendments and Amendments and 2010 Americans with Disabilities Act(A.D.A.)
- 2010 AIA Guidelines for Design and Construction of Health Care Facilities

Should you have any questions or need any additional information, please do not hesitate to contact me.

Sincerely,

A handwritten signature in dark ink that reads "DALE WESSON". The signature is written in a cursive, slightly stylized font.

Dale Wesson, President
State License 52449
Wesson Construction LLC
1014 Fulton Greer Lane, Suite 5
Franklin, TN 37064
615-574-0884 Fax 615-794-1691
Email: d.wesson@comcast.net

B-Economic Feasibility--2

Documentation of Funding/Financing Availability



4894 Poplar Avenue
Memphis, TN 38117

www.iberiabank.com

March 3, 2017

Melanie M. Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson State Office Building, 9th Floor
500 Deaderick Street
Nashville, Tennessee 37243

RE: Horizon Endoscopy Center
Atoka, Tipton County

Dear Mrs. Hill:

This letter is to provide assurance that IberiaBank is familiar with the subject surgery center project being proposed by Dr. Muhammad Siddiq.

We are working towards financing for Mr. Siddiq's \$1,000,000 request, subject to bank underwriting and requisite approval of his formal financing application. He has requested both construction and permanent financing for this project. We understand that the financing required would total approximately \$1,000,000.00 of initial funding. The approximate rate range for this type of project is between Prime + 1% to Prime + 2.5% floating during construction and converting to a fixed rate at stated spread upon completion, for a term of up to 10 years. See a draft amortization schedule attached.

The loan package on this project would reflect market conditions at the time of loan approval.

We look forward to the financing of this project upon approval of a loan package.

Sincerely,

Larry Neal
Vice President, Business Banker
IberiaBank

AMORTIZATION SCHEDULE

NAME:

Siddiq Surgery Center

1

LOAN AMOUNT	\$1,000,000		
INTEREST RATE	5.25%		
TERM (IN MONTHS)	120		
MONTHLY PAYMENT	\$10,729.17		
ADDITIONAL MONTHLY PAYMENTS	\$0.00		
ADDITIONAL QUARTERLY PAYMENTS	\$0.00		
ADDITIONAL SEMI ANNUAL PAYMENTS	\$0.00		
ADDITIONAL ANNUAL PAYMENTS	\$0.00		
START DATE	MONTH	DATE	YEAR

MO	DAY	YR	PMT #	MONTHLY PAYMENT	MONTHLY INTEREST	PRINCIPAL	BALANCE			
0	0	0	1	\$10,729.17	\$4,375.00	\$6,354.17	\$993,645.83			
1	0	1	2	\$10,729.17	\$4,347.20	\$6,381.97	\$987,263.86			
2	0	1	3	\$10,729.17	\$4,319.28	\$6,409.89	\$980,853.97			
3	0	1	4	\$10,729.17	\$4,291.24	\$6,437.93	\$974,416.04			
4	0	1	5	\$10,729.17	\$4,263.07	\$6,466.10	\$967,949.94			
5	0	1	6	\$10,729.17	\$4,234.78	\$6,494.39	\$961,455.55			
6	0	1	7	\$10,729.17	\$4,206.37	\$6,522.80	\$954,932.74			
7	0	1	8	\$10,729.17	\$4,177.83	\$6,551.34	\$948,381.40			
8	0	1	9	\$10,729.17	\$4,149.17	\$6,580.00	\$941,801.40			
9	0	1	10	\$10,729.17	\$4,120.38	\$6,608.79	\$935,192.61			
10	0	1	11	\$10,729.17	\$4,091.47	\$6,637.70	\$928,554.91	YTD Interest	YTD Principal	YTD Total
11	0	1	12	\$10,729.17	\$4,062.43	\$6,666.74	\$921,888.17	\$50,638	\$78,112	\$128,750
12	0	1	13	\$10,729.17	\$4,033.26	\$6,695.91	\$915,192.26			
1	0	2	14	\$10,729.17	\$4,003.97	\$6,725.20	\$908,467.06			
2	0	2	15	\$10,729.17	\$3,974.54	\$6,754.63	\$901,712.43			
3	0	2	16	\$10,729.17	\$3,944.99	\$6,784.18	\$894,928.25			
4	0	2	17	\$10,729.17	\$3,915.31	\$6,813.86	\$888,114.39			
5	0	2	18	\$10,729.17	\$3,885.50	\$6,843.67	\$881,270.72			
6	0	2	19	\$10,729.17	\$3,855.56	\$6,873.61	\$874,397.11			
7	0	2	20	\$10,729.17	\$3,825.49	\$6,903.68	\$867,493.43			
8	0	2	21	\$10,729.17	\$3,795.28	\$6,933.89	\$860,559.54			
9	0	2	22	\$10,729.17	\$3,764.95	\$6,964.22	\$853,595.32			
10	0	2	23	\$10,729.17	\$3,734.48	\$6,994.69	\$846,600.63	YTD Interest	YTD Principal	YTD Total
11	0	2	24	\$10,729.17	\$3,703.88	\$7,025.29	\$839,575.34	\$46,437	\$82,313	\$128,750
12	0	2	25	\$10,729.17	\$3,673.14	\$7,056.03	\$832,519.31			
1	0	3	26	\$10,729.17	\$3,642.27	\$7,086.90	\$825,432.41			
2	0	3	27	\$10,729.17	\$3,611.27	\$7,117.90	\$818,314.51			
3	0	3	28	\$10,729.17	\$3,580.13	\$7,149.04	\$811,165.46			
4	0	3	29	\$10,729.17	\$3,548.85	\$7,180.32	\$803,985.14			
5	0	3	30	\$10,729.17	\$3,517.43	\$7,211.74	\$796,773.41			
6	0	3	31	\$10,729.17	\$3,485.88	\$7,243.29	\$789,530.12			
7	0	3	32	\$10,729.17	\$3,454.19	\$7,274.98	\$782,255.14			
8	0	3	33	\$10,729.17	\$3,422.37	\$7,306.80	\$774,948.34			
9	0	3	34	\$10,729.17	\$3,390.40	\$7,338.77	\$767,609.57			
10	0	3	35	\$10,729.17	\$3,358.29	\$7,370.88	\$760,238.69	YTD Interest	YTD Principal	YTD Total
11	0	3	36	\$10,729.17	\$3,326.04	\$7,403.13	\$752,835.57	\$42,010	\$86,740	\$128,750
12	0	3	37	\$10,729.17	\$3,293.66	\$7,435.51	\$745,400.05			
1	0	4	38	\$10,729.17	\$3,261.13	\$7,468.04	\$737,932.01			
2	0	4	39	\$10,729.17	\$3,228.45	\$7,500.72	\$730,431.29			
3	0	4	40	\$10,729.17	\$3,195.64	\$7,533.53	\$722,897.76			
4	0	4	41	\$10,729.17	\$3,162.68	\$7,566.49	\$715,331.26			

AMORTIZATION SCHEDULE

NAME:

Siddiq Surgery Center

2

LOAN AMOUNT	\$1,000,000
INTEREST RATE	5.25%
TERM (IN MONTHS)	120
MONTHLY PAYMENT	\$10,729.17
ADDITIONAL MONTHLY PAYMENTS	\$0.00
ADDITIONAL QUARTERLY PAYMENTS	\$0.00
ADDITIONAL SEMI ANNUAL PAYMENTS	\$0.00
ADDITIONAL ANNUAL PAYMENTS	\$0.00

START DATE	MONTH	DATE	YEAR

MO	DAY	YR	PMT #	MONTHLY PAYMENT	MONTHLY INTEREST	PRINCIPAL	BALANCE			
5	0	4	42	\$10,729.17	\$3,129.57	\$7,599.60	\$707,731.67			
6	0	4	43	\$10,729.17	\$3,096.33	\$7,632.84	\$700,098.82			
7	0	4	44	\$10,729.17	\$3,062.93	\$7,666.24	\$692,432.59			
8	0	4	45	\$10,729.17	\$3,029.39	\$7,699.78	\$684,732.81			
9	0	4	46	\$10,729.17	\$2,995.71	\$7,733.46	\$676,999.34			
10	0	4	47	\$10,729.17	\$2,961.87	\$7,767.30	\$669,232.05	YTD Interest	YTD Principal	YTD Total
11	0	4	48	\$10,729.17	\$2,927.89	\$7,801.28	\$661,430.77	\$37,345	\$91,405	\$128,750
12	0	4	49	\$10,729.17	\$2,893.76	\$7,835.41	\$653,595.35			
1	0	5	50	\$10,729.17	\$2,859.48	\$7,869.69	\$645,725.66			
2	0	5	51	\$10,729.17	\$2,825.05	\$7,904.12	\$637,821.54			
3	0	5	52	\$10,729.17	\$2,790.47	\$7,938.70	\$629,882.84			
4	0	5	53	\$10,729.17	\$2,755.74	\$7,973.43	\$621,909.41			
5	0	5	54	\$10,729.17	\$2,720.85	\$8,008.32	\$613,901.09			
6	0	5	55	\$10,729.17	\$2,685.82	\$8,043.35	\$605,857.74			
7	0	5	56	\$10,729.17	\$2,650.63	\$8,078.54	\$597,779.20			
8	0	5	57	\$10,729.17	\$2,615.28	\$8,113.89	\$589,665.31			
9	0	5	58	\$10,729.17	\$2,579.79	\$8,149.38	\$581,515.93			
10	0	5	59	\$10,729.17	\$2,544.13	\$8,185.04	\$573,330.89	YTD Interest	YTD Principal	YTD Total
11	0	5	60	\$10,729.17	\$2,508.32	\$8,220.85	\$565,110.04	\$32,429	\$96,321	\$128,750
12	0	5	61	\$10,729.17	\$2,472.36	\$8,256.81	\$556,853.23			
1	0	6	62	\$10,729.17	\$2,436.23	\$8,292.94	\$548,560.29			
2	0	6	63	\$10,729.17	\$2,399.95	\$8,329.22	\$540,231.07			
3	0	6	64	\$10,729.17	\$2,363.51	\$8,365.66	\$531,865.41			
4	0	6	65	\$10,729.17	\$2,326.91	\$8,402.26	\$523,463.15			
5	0	6	66	\$10,729.17	\$2,290.15	\$8,439.02	\$515,024.14			
6	0	6	67	\$10,729.17	\$2,253.23	\$8,475.94	\$506,548.20			
7	0	6	68	\$10,729.17	\$2,216.15	\$8,513.02	\$498,035.17			
8	0	6	69	\$10,729.17	\$2,178.90	\$8,550.27	\$489,484.91			
9	0	6	70	\$10,729.17	\$2,141.50	\$8,587.67	\$480,897.23			
10	0	6	71	\$10,729.17	\$2,103.93	\$8,625.24	\$472,271.99	YTD Interest	YTD Principal	YTD Total
11	0	6	72	\$10,729.17	\$2,066.19	\$8,662.98	\$463,609.01	\$27,249	\$101,501	\$128,750
12	0	6	73	\$10,729.17	\$2,028.29	\$8,700.88	\$454,908.13			
1	0	7	74	\$10,729.17	\$1,990.22	\$8,738.95	\$446,169.18			
2	0	7	75	\$10,729.17	\$1,951.99	\$8,777.18	\$437,392.00			
3	0	7	76	\$10,729.17	\$1,913.59	\$8,815.58	\$428,576.42			
4	0	7	77	\$10,729.17	\$1,875.02	\$8,854.15	\$419,722.27			
5	0	7	78	\$10,729.17	\$1,836.28	\$8,892.89	\$410,829.39			
6	0	7	79	\$10,729.17	\$1,797.38	\$8,931.79	\$401,897.60			
7	0	7	80	\$10,729.17	\$1,758.30	\$8,970.87	\$392,926.73			
8	0	7	81	\$10,729.17	\$1,719.05	\$9,010.12	\$383,916.61			

AMORTIZATION SCHEDULE

NAME:

Siddiq Surgery Center

3

LOAN AMOUNT	\$1,000,000		
INTEREST RATE	5.25%		
TERM (IN MONTHS)	120		
MONTHLY PAYMENT	\$10,729.17		
ADDITIONAL MONTHLY PAYMENTS	\$0.00		
ADDITIONAL QUARTERLY PAYMENTS	\$0.00		
ADDITIONAL SEMI ANNUAL PAYMENTS	\$0.00		
ADDITIONAL ANNUAL PAYMENTS	\$0.00		
START DATE	MONTH	DATE	YEAR

MO	DAY	YR	PMT #	MONTHLY PAYMENT	MONTHLY INTEREST	PRINCIPAL	BALANCE			
9	0	7	82	\$10,729.17	\$1,679.64	\$9,049.53	\$374,867.08			
10	0	7	83	\$10,729.17	\$1,640.04	\$9,089.13	\$365,777.95	YTD Interest	YTD Principal	YTD Total
11	0	7	84	\$10,729.17	\$1,600.28	\$9,128.89	\$356,649.06	\$21,790	\$106,960	\$128,750
12	0	7	85	\$10,729.17	\$1,560.34	\$9,168.83	\$347,480.23			
1	0	8	86	\$10,729.17	\$1,520.23	\$9,208.94	\$338,271.29			
2	0	8	87	\$10,729.17	\$1,479.94	\$9,249.23	\$329,022.05			
3	0	8	88	\$10,729.17	\$1,439.47	\$9,289.70	\$319,732.35			
4	0	8	89	\$10,729.17	\$1,398.83	\$9,330.34	\$310,402.01			
5	0	8	90	\$10,729.17	\$1,358.01	\$9,371.16	\$301,030.85			
6	0	8	91	\$10,729.17	\$1,317.01	\$9,412.16	\$291,618.69			
7	0	8	92	\$10,729.17	\$1,275.83	\$9,453.34	\$282,165.35			
8	0	8	93	\$10,729.17	\$1,234.47	\$9,494.70	\$272,670.66			
9	0	8	94	\$10,729.17	\$1,192.93	\$9,536.24	\$263,134.42			
10	0	8	95	\$10,729.17	\$1,151.21	\$9,577.96	\$253,556.46	YTD Interest	YTD Principal	YTD Total
11	0	8	96	\$10,729.17	\$1,109.31	\$9,619.86	\$243,936.60	\$16,038	\$112,712	\$128,750
12	0	8	97	\$10,729.17	\$1,067.22	\$9,661.95	\$234,274.65			
1	0	9	98	\$10,729.17	\$1,024.95	\$9,704.22	\$224,570.44			
2	0	9	99	\$10,729.17	\$982.50	\$9,746.67	\$214,823.76			
3	0	9	100	\$10,729.17	\$939.85	\$9,789.32	\$205,034.44			
4	0	9	101	\$10,729.17	\$897.03	\$9,832.14	\$195,202.30			
5	0	9	102	\$10,729.17	\$854.01	\$9,875.16	\$185,327.14			
6	0	9	103	\$10,729.17	\$810.81	\$9,918.36	\$175,408.78			
7	0	9	104	\$10,729.17	\$767.41	\$9,961.76	\$165,447.02			
8	0	9	105	\$10,729.17	\$723.83	\$10,005.34	\$155,441.68			
9	0	9	106	\$10,729.17	\$680.06	\$10,049.11	\$145,392.57			
10	0	9	107	\$10,729.17	\$636.09	\$10,093.08	\$135,299.49	YTD Interest	YTD Principal	YTD Total
11	0	9	108	\$10,729.17	\$591.94	\$10,137.23	\$125,162.26	\$9,976	\$118,774	\$128,750
12	0	9	109	\$10,729.17	\$547.58	\$10,181.59	\$114,980.67			
1	0	10	110	\$10,729.17	\$503.04	\$10,226.13	\$104,754.54			
2	0	10	111	\$10,729.17	\$458.30	\$10,270.87	\$94,483.67			
3	0	10	112	\$10,729.17	\$413.37	\$10,315.80	\$84,167.87			
4	0	10	113	\$10,729.17	\$368.23	\$10,360.94	\$73,806.93			
5	0	10	114	\$10,729.17	\$322.91	\$10,406.26	\$63,400.67			
6	0	10	115	\$10,729.17	\$277.38	\$10,451.79	\$52,948.87			
7	0	10	116	\$10,729.17	\$231.65	\$10,497.52	\$42,451.36			
8	0	10	117	\$10,729.17	\$185.72	\$10,543.45	\$31,907.91			
9	0	10	118	\$10,729.17	\$139.60	\$10,589.57	\$21,318.34			
10	0	10	119	\$10,729.17	\$93.27	\$10,635.90	\$10,682.43	YTD Interest	YTD Principal	YTD Total
11	0	10	120	\$10,729.17	\$46.74	\$10,682.43	(\$0.00)	\$3,588	\$125,162	\$128,750

Proof of Publication

Miscellaneous Information

- 1. TennCare Enrollment**
- 2. Support Letters**

TennCare Enrollment Report for December 2016

MCO	REGION	Total
AMERIGROUP COMMUNITY CARE		453,010
BLUECARE	East Tennessee	215,614
BLUECARE	Middle Tennessee	177,002
BLUECARE	West Tennessee	155,401
UnitedHealthcare Community Plan	East Tennessee	168,040
UnitedHealthcare Community Plan	Middle Tennessee	176,848
UnitedHealthcare Community Plan	West Tennessee	142,104
TENNCARE SELECT HIGH	All	52,829
TENNCARE SELECT LOW	All	17,931
PACE		284
Awaiting MCO assignment		146
Grand Total		1,559,209

COUNTY	Female				Female Total	Male				Male Total	Grand Total		
	0-18		21-64			65->	0-18		21-64			65->	
	19-20	21-64	65->	19-20			21-64	65->					
ANDERSON	4,309	361	4,534	647	9,851	4,643	291	2,250	293	7,477	17,328		
BEDFORD	3,984	278	3,223	261	7,746	4,150	256	1,350	123	5,879	13,625		
BENTON	1,062	94	1,190	144	2,490	1,117	85	617	79	1,898	4,388		
BLED SOE	833	72	859	130	1,894	924	74	506	62	1,566	3,468		
BLOUNT	6,325	529	6,385	698	13,937	6,464	431	2,896	326	10,117	24,054		
BRADLEY	6,276	485	6,262	703	13,726	6,570	407	2,789	302	10,068	23,794		
CAMPBELL	3,028	265	3,805	700	7,798	3,239	226	2,141	391	5,997	13,795		
CANNON	823	74	892	132	1,921	838	66	440	55	1,400	3,321		
CARROLL	1,916	188	2,268	317	4,689	2,114	170	1,187	125	3,596	8,285		
CARTER	3,289	260	3,655	703	7,907	3,481	229	1,937	278	5,925	13,832		
CHEATHAM	2,105	175	2,089	169	4,538	2,261	184	946	95	3,486	8,024		
CHESTER	1,071	93	1,101	143	2,408	1,112	82	462	73	1,729	4,137		
CLAIBORNE	2,164	199	2,570	554	5,487	2,265	181	1,582	272	4,301	9,788		
CLAY	540	35	571	118	1,264	565	46	367	62	1,040	2,304		
COCKE	2,849	255	3,233	470	6,807	3,008	228	1,770	244	5,250	12,057		
COFFEE	3,825	304	3,796	428	8,353	3,951	237	1,726	177	6,091	14,444		
CROCKETT	1,112	83	1,024	200	2,419	1,089	67	485	87	1,728	4,147		
CUMBERLAND	3,455	277	3,437	510	7,679	3,622	222	1,731	241	5,816	13,495		
DAVIDSON	44,499	2,893	38,064	3,489	88,945	45,763	2,585	15,995	1,934	66,277	155,272		
DECATUR	695	62	790	189	1,736	799	49	437	60	1,345	3,081		
DEKALB	1,376	113	1,381	194	3,064	1,526	99	762	114	2,501	5,565		
DICKSON	3,067	244	3,058	325	6,694	3,240	225	1,351	134	4,950	11,644		
DYER	2,876	244	3,134	427	6,681	3,031	204	1,363	158	4,756	11,437		
FAYETTE	1,891	166	1,883	288	4,228	1,990	138	772	156	3,056	7,284		
FENTRESS	1,402	129	1,606	381	3,518	1,516	123	1,067	200	2,906	6,424		
FRANKLIN	2,099	198	2,226	271	4,800	2,291	163	1,101	117	3,672	8,472		
GIBSON	3,506	269	3,718	598	8,091	3,664	271	1,704	252	5,891	13,982		
GILES	1,773	155	1,842	250	4,020	1,768	124	830	129	2,851	6,871		
GRAINGER	1,544	134	1,594	306	3,578	1,599	121	955	156	2,831	6,408		
GREENE	3,887	326	4,439	735	9,387	4,156	288	2,256	390	7,080	16,477		
GRUNDY	1,084	119	1,287	217	2,707	1,214	103	755	121	2,199	4,906		
HAMPSHIRE	4,839	335	4,012	550	9,736	5,010	308	1,857	247	7,426	17,167		

COUNTY	Female					Female Total	Male					Male Total	Grand Total
	0 - 18		21 - 64		65 →		0 - 18		21 - 64		65 →		
	19 - 20	19,036	21 - 64	21 - 64			19 - 20	21 - 64	19 - 20	21 - 64			
HAMILTON	19,057	1,330	19,036	2,432	41,855	19,974	1,249	7,872	1,137	30,232	72,087		
HANCOCK	529	58	644	158	1,389	570	40	364	72	1,046	2,435		
HARDEMAN	1,834	173	2,041	335	4,383	1,841	141	971	160	3,113	7,496		
HARDIN	1,774	154	2,070	381	4,379	3,669	270	2,048	205	3,322	7,701		
HAWKINS	3,493	287	3,844	604	8,228	3,669	270	2,048	236	6,283	14,511		
HAYWOOD	1,485	115	1,716	256	3,572	1,629	130	614	102	2,475	6,047		
HENDERSON	1,891	165	2,061	275	4,392	2,015	140	973	102	3,230	7,622		
HENRY	2,097	156	2,251	297	4,801	2,251	165	1,119	102	3,637	8,438		
HICKMAN	1,597	149	1,722	190	3,658	1,779	150	898	106	2,933	6,591		
HOUSTON	499	44	573	125	1,241	546	23	274	68	911	2,152		
HUMPHREYS	1,156	91	1,241	146	2,634	1,227	67	607	62	1,963	4,597		
JACKSON	683	57	806	138	1,684	776	56	458	93	1,383	3,063		
JEFFERSON	3,415	301	3,340	510	7,566	3,598	251	1,721	207	5,777	13,343		
JOHNSON	1,087	99	1,155	258	2,599	1,127	84	758	143	2,112	4,711		
KNOX	21,410	1,615	21,971	2,559	47,555	22,406	1,420	9,932	1,196	34,954	82,509		
LAKE	484	39	639	167	1,329	565	42	310	90	1,007	2,336		
LAUDERDALE	2,127	193	2,267	299	4,886	2,219	186	989	126	3,520	8,406		
LAWRENCE	2,877	206	2,931	410	6,424	3,072	190	1,480	151	4,893	11,317		
LEWIS	796	72	788	128	1,784	801	63	404	59	1,327	3,111		
LINCOLN	2,099	179	2,024	272	4,574	2,228	141	959	104	3,432	8,006		
LOUDON	2,674	203	2,423	287	5,587	2,826	142	1,154	125	4,247	9,834		
MACON	1,925	148	1,796	236	4,105	2,011	142	896	116	3,165	7,270		
MADISON	6,983	529	7,176	858	15,546	7,062	445	2,676	386	10,569	26,115		
MARION	1,913	154	2,132	238	4,437	1,924	154	946	129	3,153	7,590		
MARSHALL	1,976	141	1,842	178	4,137	2,052	119	784	76	3,031	7,168		
MAURY	5,357	397	5,136	516	11,406	5,728	331	2,090	198	8,347	19,753		
MCMINN	3,283	256	3,481	496	7,516	3,567	220	1,648	230	5,665	13,181		
MCMURRY	1,838	185	2,171	350	4,544	2,008	147	1,210	190	3,555	8,099		
MEIGS	850	85	889	82	1,906	881	77	455	41	1,454	3,360		
MONTGOMERY	3,059	273	3,164	481	6,977	3,309	206	1,682	256	5,453	12,430		
MOORE	10,490	736	10,252	727	22,205	10,875	543	3,647	277	15,342	37,547		
MORGAN	231	15	195	52	493	249	24	100	14	387	880		
OBION	1,242	128	1,251	197	2,818	1,301	109	670	96	2,176	4,994		
OVERTON	2,169	177	2,348	303	4,997	2,285	141	1,013	129	3,568	8,565		
PERRY	1,260	142	1,359	286	3,047	1,375	121	772	141	2,409	5,456		
PICKETT	566	48	546	89	1,249	577	49	306	36	968	2,217		
POLK	260	28	308	75	671	291	19	170	50	1,201	1,201		
PUTNAM	1,083	95	1,167	164	2,509	1,114	98	626	86	1,924	4,433		
RHEA	4,517	369	4,665	745	10,296	4,795	297	2,517	332	7,941	18,237		
ROANE	2,525	195	2,458	366	5,544	2,598	177	1,216	146	4,137	9,681		
ROBERTSON	2,858	243	3,316	509	6,926	3,156	241	1,802	247	5,446	12,372		
RUTHERFORD	4,124	309	3,490	385	8,308	4,329	265	1,455	152	6,201	14,509		
SCOTT	15,424	1,075	13,360	1,014	30,873	16,150	848	5,005	472	22,475	53,348		
SEALY	1,979	173	2,156	379	4,687	2,090	159	1,207	190	3,646	8,333		
SEQUESTACHE	1,036	100	1,107	149	2,392	1,081	96	584	57	1,818	4,210		
SEVIER	6,197	436	5,458	494	12,585	6,626	370	2,459	187	9,642	22,227		
SHELBY	79,841	6,140	73,289	6,949	166,219	81,910	5,664	24,705	3,157	115,436	281,655		
SMITH	1,217	114	1,227	175	2,733	1,252	74	570	64	1,960	4,693		
STEWART	819	73	869	118	1,879	848	57	444	59	1,408	3,287		
SULLIVAN	8,694	690	9,794	1,323	20,501	9,173	624	5,026	598	15,421	35,922		
SUMNER	8,684	709	8,041	811	18,245	9,174	597	3,252	301	13,324	31,569		
TIPTON	3,882	304	3,701	394	8,281	4,092	285	1,493	142	6,012	14,293		

COUNTY	Female				Male				Grand Total
	0 - 18	19 - 20	21 - 64	65 →	0 - 18	19 - 20	21 - 64	65 →	
TROUSDALE	571	53	583	71	566	33	267	40	906
UNICOI	994	81	1,117	250	1,108	97	550	125	1,880
UNION	1,469	112	1,395	158	1,438	108	759	89	2,394
VAN BUREN	342	29	358	63	370	22	194	49	635
WARREN	3,121	235	3,037	454	3,245	189	1,513	199	5,146
WASHINGTON	6,405	477	7,061	971	6,646	442	3,475	432	10,995
WAYNE	877	70	924	158	919	66	476	74	1,535
WEAKLEY	1,939	180	2,093	290	1,972	160	1,022	122	3,276
WHITE	1,845	161	1,978	287	2,020	140	1,080	119	3,359
WILLIAMSON	3,777	275	3,137	388	3,980	278	1,363	154	5,775
WILSON	5,748	436	5,203	491	5,946	359	2,073	201	8,579
Other	4,096	405	3,871	174	4,449	326	1,538	100	6,413
Grand Total	414,034	32,081	404,372	48,354	432,561	28,299	177,089	22,419	660,368
									1,559,209

Reports include some membership additions that are the result of retroactivity; however, additional retroactivity may still occur. The "Other" county category reflects recipients who are Tennessee residents for which their domicile is temporarily located outside of the state.

Dr. Zaidi & Associates

SYED A. A. ZAIDI, MD
JESSICA RAINS, PA-C
INTERNAL MEDICINE / PULMONARY



May 1, 2017

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Atoka Surgery Center Application, Tipton County

Dear Mrs. Hill:

Our practice sees many rural patients who need endoscopic surgery procedures in an acute care setting. We refer them to several gastroenterologists, including Dr. Siddiq, for those procedures. We find that most are being taken to Memphis endoscopic surgery centers for their procedures, and that others are being taken to area hospitals.

It would be good for our area to have an endoscopic surgery center located north of Memphis, to relieve patients of needless effort in commuting into Memphis for their care. It would also provide a lower-cost alternative to using rural hospitals in our area, where the procedure costs patients more than it would in a surgery center setting.

Dr. Siddiq's proposal has strong merit and we urge you to approve it. Our patients would like to have a more convenient location closer to their homes, and also will appreciate one that costs less than hospitals for this type of care.

Sincerely,

A handwritten signature in black ink, appearing to be "S. A. Zaidi", with a long, sweeping horizontal line extending to the right.

Syed A. A. Zaidi, MD, FCCP
ABIM Board Certified in Internal Medicine, Pulmonary Disease
and Sleep Medicine

Speight Family Medical

Dr. Deanna Speight, FNP

Dawn M. Stewart, FNP

Ruby Turner, FNP

76 Tabb Dr. Suite E Munford, TN 38058

(901)840-2102 fax (901)840-1979

May 1, 2017

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Atoka Surgery Center Application

Dear Mrs. Hill:

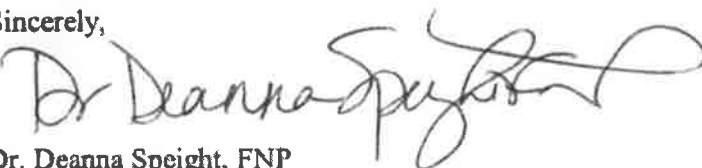
I am a Family Practice office in Munford, TN in Tipton County. I am writing to support the application of Dr. M.S. Siddiq for an endoscopic surgery center adjoining his office in Atoka in Tipton County.

This practice frequently refers patients to Dr. Siddiq. Many live in the counties north of Shelby County. When they need endoscopic surgical procedures they must be taken to one of several surgery centers in Memphis, or to hospitals in the area, for lack of an endoscopy surgical facility close to their homes.

Dr. Siddiq's proposal will help many patients avoid drives into Memphis-area traffic, which will save them time and effort. It will help others avoid the higher costs of hospitals offering this service. Endoscopy centers like this are very good for our patients, being conveniently located adjacent to their gastroenterologist's office and also being easily located and very cost-effective in their charges.

Please give his proposal positive consideration.

Sincerely,



Dr. Deanna Speight, FNP

PEABODY INTERNAL MEDICINE, INC.
8081 US Highway 51 North , Millington, TN 38053

Abdullah Baig, MD
Sharon Moore, FNP
Joseph Visconti, FNP

(901) 873-4194 phone
(901) 872-6553 fax

May 1, 2017

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Atoka Surgery Center Application

Dear Mrs. Hill:

I am an Internist officed in Millington, TN , Shelby County. I am writing to support the application of Dr. M.S. Siddiq for an endoscopic surgery center adjoining his office in Atoka in Tipton County.

This practice frequently refers patients to Dr. Siddiq. Many live in the counties north of Shelby County. When they need endoscopic surgical procedures they must be taken to one of several surgery centers in Memphis, or to hospitals in the area, for lack of an endoscopy surgical facility close to their homes.

Dr. Siddiq's proposal will help many patients avoid drives into Memphis-area traffic, which will save them time and effort. It will help others avoid the higher costs of hospitals offering this service.

A handwritten signature in black ink, appearing to be 'V-R' or similar, located at the bottom right of the page.

NOV 11 '17 PM 1:45

PEABODY INTERNAL MEDICINE, INC.

8081 US Highway 51 North , Millington, TN 38053

Abdullah Baig, MD

(901) 873-4194 phone

Sharon Moore, FNP

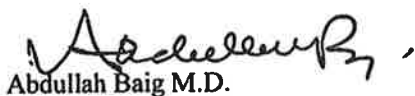
(901) 872-6553 fax

Joseph Visconti, FNP

Endoscopy centers like this are very good for our patients, being conveniently located adjacent to their gastroenterologist's office and also being easily located and very cost-effective in their charges.

Please give his proposal positive consideration.

Sincerely,



Abdullah Baig M.D.



State of Tennessee

Health Services and Development Agency

Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

June 1, 2017

John Wellborn
Development Support Group
4219 Hillsboro Road, Suite 210
Nashville, TN 37215

RE: Certificate of Need Application -- Horizon Surgery Center - CN1705-014
The establishment of a single-specialty ambulatory surgical treatment center (ASTC) limited to endoscopy to be located in an existing building located at 340 Atoka McLaughlin Drive, Atoka, (Tipton County), TN 38004. The ASTC will include only one operating room. The estimated project cost is \$1,108,764.

Dear Mr. Wellborn:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need. Please be advised that your application is now considered to be complete by this office.

Your application is being forwarded to Trent Sansing at the Tennessee Department of Health for Certificate of Need review by the Division of Policy, Planning and Assessment. You may be contacted by Mr. Sansing or someone from his office for additional clarification while the application is under review by the Department. Mr. Sansing's contact information is Trent.Sansing@tn.gov or 615-253-4702.

In accordance with Tennessee Code Annotated, §68-11-1607, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on June 1, 2017. The first 60 days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the 60-day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review. You will receive a copy of their findings. The Health Services and Development Agency will review your application on August 23, 2017.

Mr. Wellborn

June 1, 2017

Page 2

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (2) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (3) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,



Melanie M. Hill
Executive Director

cc: Trent Sansing, TDH/Health Statistics, PPA



State of Tennessee

Health Services and Development Agency

Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243


www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

MEMORANDUM

TO: Trent Sansing, CON Director
Office of Policy, Planning and Assessment
Division of Health Statistics
Andrew Johnson Tower, 2nd Floor
710 James Robertson Parkway
Nashville, Tennessee 37243

FROM: Melanie M. Hill 
Executive Director

DATE: June 1, 2017

RE: Certificate of Need Application
Horizon Surgery Center - CN1705-014

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on June 1, 2017 and end on August 1, 2017.

Should there be any questions regarding this application or the review cycle, please contact this office.

Enclosure

cc: John Wellborn

1844

3:04 PM 5/5/17

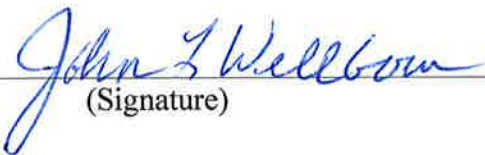
LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Commercial Appeal, which is a newspaper of general circulation in Tipton County, Tennessee, on or before May 9th, 2017, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Horizon Surgery Center (a proposed ambulatory surgical treatment center), to be owned and managed by Horizon Surgery Center, LLC (a limited liability company), intends to file an application for a Certificate of Need for establishment of an ambulatory surgical treatment center limited to endoscopy, with one operating room, at 340 Atoka McLaughlin Drive, Suite B, Atoka, TN 38004, at a cost estimated for CON purposes at \$1,110,000.

The facility will seek licensure by the Board for Licensing Health Care Facilities as an Ambulatory Surgical Treatment Center limited to Endoscopy. The project does not contain major medical equipment or initiate or discontinue any other health service; and it will not affect any facility's licensed bed complement.

The anticipated date of filing the application is on or before May 12, 2017. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215; (615) 665-2022.

	<u>5-5-17</u>	<u>jwdsg@comcast.net</u>
(Signature)	(Date)	(E-mail Address)

Supplemental- #1 -Original-

Horizon Surgery Center

CN1705-014

May 23, 2017

1:30 pm

May 22, 2017

Phillip M. Earhart, HSD Examiner
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application CN1705-014
Horizon Surgery Center, LLC

Dear Mr. Earhart:

This letter responds to your recent request for additional information on this application. The items below are numbered to correspond to your questions. They are provided in triplicate, with affidavit.

1. Section A., Executive Summary A, Item1

a. Please discuss the applicant's experience in operating and managing an ASTC.

Dr. Siddiq does not have experience in operating and managing an ASTC. However, this will not be an issue. Its management is within the competence of the staff proposed in the application.

More importantly, the applicant will be developing and operating this facility through its accreditation stage with the expert assistance of PhyBus, a Nashville company whose principals have many years of experience developing and managing surgery centers. PhyBus has worked with the applicant to generate the financial projections in the application and to establish its financial feasibility. Line A.2 of the Project Cost Chart contains a \$60,000 estimated cost for their continuing assistance.

PhyBus assists the architect in the detailed design drawing stage, assists in loan closing, sets up policies and procedures for operation and accreditation, assists with State licensure and with Medicare and TennCare certification processes, and helps obtain AAAHC accreditation. PhyBus expects to be present from now through several weeks of actual operation of the facility. Phybus is also available for a more extended period of time should that become necessary.

Page Two
May 22, 2017

b. What type of services are currently provided in the applicant's office based physician practice that would be different than those provided in the proposed ASTC?

Dr. Siddiq currently performs only patient consultations in his office. The only procedures projected for this facility are the types that Dr. Siddiq is already performing in licensed surgical facilities. Projections were based on those actual volumes of facility-based cases, not on any office procedures.

c. It appears the applicant is a multi-specialty clinic also specializing in neurology. Please clarify if there are any future plans to expand to a multi-specialty ASTC to include neurological procedures such as nerve conduction studies and electromyography.

There are no such plans in the foreseeable future. This was explored and rejected in the planning of this project.

2. Section A. Executive Summary B. Rationale for Approval

Are there any specific changes being initiated by Medicare that makes physician office based endoscopy services no longer a sustainable model?

The applicant does not know of any upcoming Medicare changes that would make this type of project unsustainable. In the last year, average CMS reimbursement for ASTC-based endoscopies as a group actually increased 1.9%.

If the question pertains to office procedures, there are few procedures done in gastroenterologists' practice offices anymore, because current reimbursement is usually insufficient to cover the costs of an appropriate and safe environment for that. The equipment has become too expensive and the reimbursement too small, to make office-based endoscopies feasible in most practices.

Page Three
May 22, 2017

3. Section A, Project Details, Item 6 B. (2) Floor Plan

a. The floor plan is noted. However, not all room labels are legible. Please correct and submit a revised floor plan.

Attached following this page is a revised floor plan with more legible labels.

b. Please clarify if there is a separate entrance to the proposed ASTC?

There is a separate front entrance with canopy shown on the originally submitted floor plan. It is labeled more clearly in the attached revised floor plan.

4. Section B, Need Item 1(Specific Criteria –ASTC)

The applicant did not include 2016 ASTC Joint Annual Report data in the application. Please revise all responses and include the most recent 2016 JAR Data in all applicable responses and tables. If needed, please submit replacement pages.

Attached following this page are revised tables and pages that reflect the recently released 2014-2016 JAR data to update the 2013-2015 JAR data that was submitted originally.

The inclusion of the 2016 JAR data strengthens the case for this project. Comparable service area providers now show an average 115.2% occupancy under the State Health Plan standard for procedure room utilization.

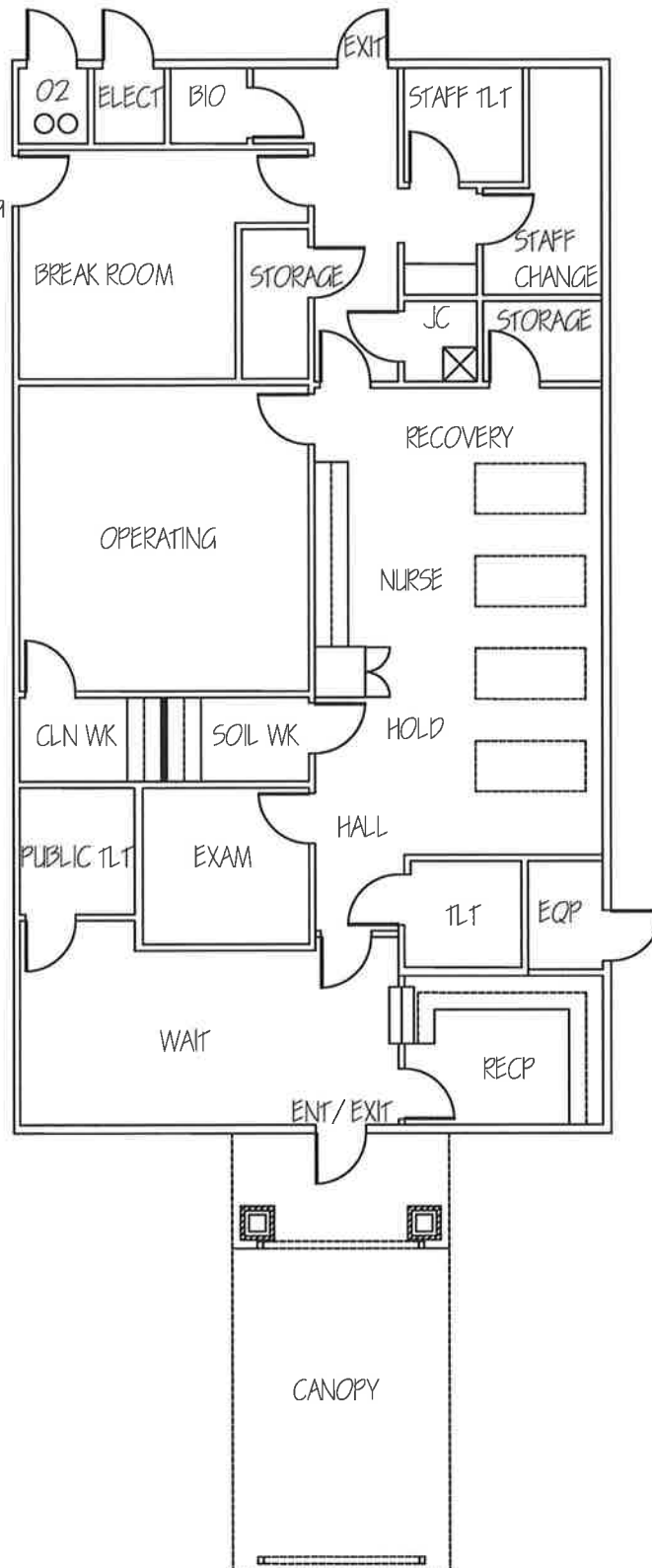
The following revised pages are attached after this page: 5R, 6R, 20R, 24R, 25R, 27R, 40R, 41R.

May 23, 2017

1:30 pm

HORIZON SURGERY CENTER

NOTE: NOT AN EXIT
pass through to adjoining
Doctor's suite



May 23, 2017**1:30 pm****b. Rationale for Approval**

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B of this application. Please summarize, in one page or less, each of the criteria.

(1) Need

The need for this practice-based endoscopy center for Dr. Siddiq's patients is based on two factors.

First, it will improve rural patients' physical accessibility to endoscopic surgery. There is not a freestanding endoscopic surgery center, or a multispecialty ambulatory surgery center, in this large four-county area that extends many miles north of Memphis. There is one private eye surgery center in Dyer County at the north end of the service area. This project will put an endoscopic surgery center in Tipton County, where it will be closer to rural patients who currently have to use Memphis surgery centers or more expensive hospital-based O.R.'s in their rural areas.

Several Memphis-based gastroenterologists drive into the service area to see patients in clinics, several days of the month. However, many of those patients are taken back to these physicians' own endoscopy centers in Memphis for endoscopic surgical procedures they are found to need. If those surgical patients had the option of an endoscopic surgery center within the service area, they could save significant inconvenience and drive time by obtaining endoscopies locally.

The second reason the project is needed is that it will reduce the cost of care for endoscopic surgery patients now utilizing hospital operating rooms or hospital outpatient departments in the service area. Endoscopy patients who are not taken to Shelby County surgery centers are having their procedures performed in service area hospitals. Hospital reimbursement for endoscopic surgery is approximately 40% higher than ambulatory surgery center reimbursement for the same procedures. In addition, some of the area's hospitals are not optimal settings for Dr. Siddiq's patients due to understaffing, scheduling interruptions, limitations on how many cases he can schedule, and other problems.

Area patients' ease of service and/or costs for care, and Dr. Siddiq's productivity, would be improved by allowing this private-practice-based endoscopy center to serve them locally and efficiently.

In addition, the project complies with the State Health Plan criteria that similar facilities in the service area be averaging 1,867 cases per procedure room. The area average was 115.2% of that standard in 2016, the most recent data year.

May 23, 2017**1:30 pm****(2) Economic Feasibility**

The applicant projects a positive cash flow and operating margin in Year Two and thereafter. The applicant can achieve this with competitive gross charges and a significant payer mix of TennCare patients.

(3) Appropriate Quality Standards

The facility will be licensed and accredited. It will comply with all requirements of the Board for Licensing Health Care Facilities. It will seek accreditation from the AAAHC (Accreditation Association for Ambulatory Healthcare).

(4) Orderly Development of adequate and effective health care

The project reflects Dr. Siddiq's orderly development of a gastroenterology practice serving an increasing number of patients from north of Shelby County. This process began with his opening an office in Tipton County three years ago, while keeping his Memphis office open. This proposed endoscopic surgery center in Tipton County will complete the scope of his care in this service area, by providing to both his rural patients and to Dr. Siddiq a cost-effective, efficient alternative to commuting into Memphis to perform endoscopy procedures.

For more than 20 years, Tennessee has seen outpatient endoscopic surgeries steadily migrating from the hospital setting to the ambulatory surgery center setting--especially to dedicated single-specialty endoscopic surgery centers constructed adjacent to the practice offices of gastroenterologists who perform those procedures.

This has improved patient convenience and physician productivity, and has reduced costs paid by insurers and by Medicare. The CON Board has approved many such private practice-based endoscopy centers across Tennessee, with little or no opposition from other facilities. There are now at least 26 single-specialty endoscopic ambulatory surgical treatment centers licensed in Tennessee.

This proposed facility is consistent with that history of favorable CON Board decisions. It is especially needed within the rural service area between Shelby County and Kentucky, where residents do not yet have such a convenient and cost-effective option.

c. Consent Calendar Justification

If consent calendar is requested, please provide the rationale for an expedited review. A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

Not applicable. Consent calendar review is not requested.

May 23, 2017**1:30 pm****Determination of Need**

1. Need. The minimum numbers of 884 Cases per Operating Room and 1867 Cases per Procedure Room are to be considered as baseline numbers for purposes of determining Need. An applicant should demonstrate the ability to perform a minimum of 884 Cases per Operating Room and/or 1867 Cases per Procedure Room per year, except that an applicant may provide information on its projected case types and its assumptions of estimated average time and clean up and preparation time per Case if this information differs significantly from the above-stated assumptions. It is recognized that an ASTC may provide a variety of services/Cases and that as a result the estimated average time and clean up and preparation time for such services/Cases may not meet the minimum numbers set forth herein. It is also recognized that an applicant applying for an ASTC Operating Room(s) may apply for a Procedure Room, although the anticipated utilization of that Procedure Room may not meet the base guidelines contained here. Specific reasoning and explanation for the inclusion in a CON application of such a Procedure Room must be provided. An applicant that desires to limit its Cases to a specific type or types should apply for a Specialty ASTC.

The applicant is applying for a single-specialty ASTC limited to endoscopic procedures. It will contain a surgical room sized as an operating room but its case volumes will be much higher than the 884-case standard for O.R. cases. It will perform more than 1,867 cases per year. Please see the response to criterion #2 immediately below.

2. Need and Economic Efficiencies. An applicant must estimate the projected surgical hours to be utilized per year for two years based on the types of surgeries to be performed, including the preparation time between surgeries. Detailed support for estimates must be provided.

The following page contains a time-based analysis of the proposed surgical room's utilization for its first two years. The case volumes are taken from Table B-Need-State Health Plan-2 on the second following page (which duplicates a table in the section of the application requiring utilization projections for the proposed facility).

4. Need and Economic Efficiencies. An applicant must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON application to establish an ASTC or to expand existing services of an ASTC should not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed, if those services are known and relevant, within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above.

This criterion directs applicants to analyze the utilization of area surgical facilities that *"...provide comparable services regarding the types of Cases performed..."* -- and to demonstrate whether they are being utilized at 70% or more of capacity (i.e., 1,867 cases per procedure room).

In this case, "comparable" facilities would be those licensed ambulatory surgical treatment facilities (ASTC's) whose scope of service and equipment will allow performance of adult endoscopy cases in their procedure rooms.

There are twenty-eight licensed ambulatory surgical treatment centers in the primary and secondary service area counties of the project. The applicant considers only five of them to be "comparable" under the State Health Plan criteria. Only four of the five are operational currently. Table B-Need-State Health Plan-4-Part A on the following page presents their capacity and utilization data for CY2014-2016, which are the most recent three years of publicly available data for ambulatory surgical treatment centers.

Their procedure rooms as a group were utilized in 2015 at 115.2% of the State Health Plan standard of 1,867 cases per procedure room.

Table B-Need-State Health Plan-4-Part B on the second following page lists the twenty-three ambulatory surgical treatment centers that were excluded from this analysis, and the reasons for their exclusion.

- The LeBonheur facility was excluded because LeBonheur is a pediatric hospital and Dr. Siddiq's patients are adults.

- Fourteen single-specialty ASTC's were excluded because their licensure is restricted to specialties other than gastroenterology, making them unavailable for the applicant's patients.

- Nine multi-specialty facilities were excluded for reasons indicated in the table. Several have a closed medical staff. Most do not perform endoscopic surgery and have no gastroenterologists on staff--and so will not have staff and equipment appropriate for performing endoscopies.

May 23, 2017

1:30 pm

SUPPLEMENTAL Table B-Need-State Health Plan-4: Utilization of Procedure Rooms at Accessible ASTC's in the Service Area of Horizon Surgery Center										
State ID	PROVIDER	ADDRESS	TYPE OF ASTC	COUNTY	PROCEDURE ROOMS IN 2016	PROCEDURE ROOM CASES IN 2014	PROCEDURE ROOM CASES IN 2015	PROCEDURE ROOM CASES IN 2016	% OF ASTC PROCEDURE ROOM UTILIZATION STANDARD (1,867 CASES) IN 2016	% CHANGE IN UTILIZATION 2014-2016
79720	Endoscopy Cntr of the Mid-South (1)	3960 Knight Arnold, Suite 117	GI	Shelby	0	2,264	2,022	0	NA	NA
79604	GI Diagnostic & Therapeutic Center	1310 Wolf Park Drive, Germantown	GI	Shelby	6	16,230	15,128	15,228	135.9%	-6.2%
79632	Memphis Gastro Endo Center East (2)	8000 Wolf River Blvd, Germantown	GI	Shelby	6	9,613	9,525	10,480	93.6%	9.0%
79645	Mid-South Gastroenterology Group (3)	14178 Monroe Ave., Memphis	GI	Shelby	3	6,440	7,506	7,737	138.1%	20.1%
79724	Surgery Center at St. Francis (4)	5999 Park Avenue, Memphis	Multispec	Shelby	2	1,848	1,118	3,126	83.7%	69.2%
Totals, 4 Facilities Operational in 2017 with 2016 JAR filed.					17	34,131	33,277	36,571	115.2%	7.1%

Notes:

1. NOT OPERATIONAL NOW. Closed down in 2017; no JAR on file for 2016.
2. Memphis Gastroenterology Endoscopy East merged with GI Diagnostic and Therapeutic Center in 2015 and took latter's name; both facilities still operating. Marketed as Gastro One.
3. MidSouth Gastroenterology is also known as Bowden Surgery Center.
4. Surgery Center of St. Francis is not an option for this applicant because it does not take TennCare (TnCare is 4/1000ths of one percent of its gross revenues).

5. Need and Economic Efficiencies. An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An applicant for a Specialty ASTC must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON proposal to establish a Specialty ASTC or to expand existing services of a Specialty ASTC shall not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above. An applicant that is granted a CON for a Specialty ASTC shall have the specialty or limitation placed on the CON.

The applicant will perform only outpatient gastroenterology cases, in a procedure room that is sized to conform to operating room requirements.

The applicant's projected cases, and an analysis of time requirements for the projected cases, were provided in response to criterion #2 above.

The utilization of facilities with comparable services in the primary and secondary service areas was provided in tables in response to criterion #4 above. In 2016, those facilities reported a group average utilization of 115.2% of the State Plan standard for 70% efficiency in procedure rooms, conforming to criteria #5.

Other Standards and Criteria

6. Access to ASTCs. The majority of the population in a Service Area should reside within 60 minutes average driving time to the facility.

Complies. See drive time tables in Section B.III.B.1 above. Most of the area population lives within much less than an hour's drive time of the project site. The average drive time from communities in the service area to the project site in Atoka is only 37.8 minutes over an average distance of 30.06 miles.

Also see Table B-State Health Plan-6 on the following page, showing the drive times from service area counties' cities to the providers currently utilized by Dr. Siddiq. The grey shading indicates those drive times that will be improved by this project.

7. Access to ASTCs. An applicant should provide information regarding the relationship of an existing or proposed ASTC site to public transportation routes if that information is available.

There is no bus service available to the project site at this time.

May 23, 2017**1:30 pm**

5. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must provide the following data: admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the appropriate measures, e.g., cases, procedures, visits, admissions, etc. This does not apply to projects that are solely relocating a service.

This criterion directs applicants to analyze the utilization of area surgical facilities that “...provide comparable services regarding the types of Cases performed...” -- and to demonstrate whether they are being utilized at 70% or more of capacity (i.e., 1,867 cases per procedure room).

In this case, “comparable” facilities would be those licensed ambulatory surgical treatment facilities (ASTC’s) whose scope of service and equipment will allow performance of adult endoscopy cases in their procedure rooms.

There are twenty-eight licensed ambulatory surgical treatment centers in the primary and secondary service area counties of the project. The applicant considers only five of them to be “comparable” under the State Health Plan criteria. Only four of the five are operational currently. Table B-Need-State Health Plan-4-Part A on the following page presents their capacity and utilization data for CY2014-2016, which are the most recent three years of publicly available data for ambulatory surgical treatment centers.

Their procedure rooms as a group were utilized in 2015 at 115.2% of the State Health Plan standard of 1,867 cases per procedure room.

Table B-Need-State Health Plan-4-Part B on the second following page lists the twenty-three ambulatory surgical treatment centers that were excluded from this analysis, and the reasons for their exclusion.

- The LeBonheur facility was excluded because LeBonheur is a pediatric hospital and Dr. Siddiq’s patients are adults.

- Fourteen single-specialty ASTC’s were excluded because their licensure is restricted to specialties other than gastroenterology, making them unavailable for the applicant’s patients.

- Nine multi-specialty facilities were excluded for reasons indicated in the table. Several have a closed medical staff. Most do not perform endoscopic surgery and have no gastroenterologists on staff--and so will not have staff and equipment appropriate for performing endoscopies.

May 23, 2017

1:30 pm

SUPPLEMENTAL Table B-Need-5-Part A: Utilization of Procedure Rooms at Accessible ASTC's in the Service Area of Horizon Surgery Center										
State ID	PROVIDER	ADDRESS	TYPE OF ASTC	COUNTY	PROCEDURE ROOMS IN 2016	PROCEDURE ROOM CASES IN 2014	PROCEDURE ROOM CASES IN 2015	PROCEDURE ROOM CASES IN 2016	% OF ASTC PROCEDURE ROOM UTILIZATION STANDARD (1,867 CASES) IN 2016	% CHANGE IN UTILIZATION 2014-2016
79720	Endoscopy Cntr of the Mid-South (1)	3960 Knight Arnold, Suite 117	GI	Shelby	0	2,264	2,022	0	NA	NA
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79645	Mid-South Gastroenterology Group (3)	14178 Monroe Ave., Memphis	GI	Shelby	3	6,440	7,506	7,737	138.1%	20.1%
79724	Surgery Center at St. Francis (4)	5999 Park Avenue, Memphis	Multispec	Shelby	2	1,848	1,118	3,126	83.7%	69.2%
Totals, 4 Facilities Operational in 2017 with 2016 JAR filed.					17	34,131	33,277	36,571	115.2%	7.1%

Notes:

1. NOT OPERATIONAL NOW. Closed down in 2017; no JAR on file for 2016.
2. Memphis Gastroenterology Endoscopy East merged with GI Diagnostic and Therapeutic Center in 2015 and took latter's name; both facilities still operating. Marketed as Gastro One.
3. MidSouth Gastroenterology is also known as Bowden Surgery Center.
4. Surgery Center of St. Francis is not an option for this applicant because it does not take TennCare (TnCare is 4/1000ths of one percent of its gross revenues).

Page Four
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5. Section B, Need Item 1(Specific Criteria –ASTC) Item 1 (Operating Rooms) and Item 2 (Procedure Rooms)

a. The statement on the top of page 19 which states “the surgical room in this facility will have the floor space to comply with O.R. licensure requirements but will be used as a non-sterile endoscopic procedure room” is noted. However, in the applicant’s Letter of Intent the applicant noted the proposed ASTC would be limited to endoscopy with “one operating room”. Furthermore, the applicant applied the procedure room optimum standard of 1,867 cases per year rather than the 884 optimal standard for operating rooms. Please clarify.

Dr. Siddiq is using this room to perform procedures that do not require general anesthesia. The smallest operating room in the 2010 AIA and Licensure standards is Class A at 150 SF. Dr. Siddiq can perform his endoscopies in that size room. However, most gastroenterologists today construct larger rooms. With an eye to the future, Dr. Siddiq is choosing to construct his single room to Class B operating room dimensions (250 SF) and requirements, should that ever be required in future years to accommodate the addition of another specialty. There is no barrier in CON rules or in Licensure regulations to oversizing a surgical room at approximately 15 X 17 feet rather than 15 X 10 feet. The incremental cost of building a Class B room rather than a Class A room would be close to \$20,000. This is much less than the cost of trying to expand it at a later time, which would require shutting down the facility for a period of weeks.

The application presented justification for the project in terms of *both* the O.R. standard and the procedure room standard, not knowing which standard the reviewing bodies would prefer to apply. The projected cases comply with the minimum case requirements for either type of room.

b. Is an Operating Room needed for endoscopy? Wouldn’t a procedure room be sufficient? Please discuss.

The applicant needs only a procedure room to perform his endoscopic procedures. The oversizing of this room to O.R. standards is simply a precaution to be able to accommodate any addition of another specialty that might require an O.R.--which would require prior CON approval, of course.

May 23, 2017

1:30 pm

Page Five
May 22, 2017

6. Section B, Need Item 1(Specific Criteria –ASTC) Item 5

a. The applicant notes facilities in the primary and secondary service area had a group average utilization of 70% in CY 2015. However, in other parts of the application the percentage referenced is 104.8%. Please clarify.

The revisions submitted in this supplemental response to question #4 above, based on 2014-2016 JAR data, now indicate a group average utilization of 115.2%, amending the previous calculation of 104.8% that was based on 2013-2015 data.

The reference to 70% on page 27 has been clarified in revised page 27R submitted in response to your question #4 above.

b. Table B-Need-5-Part A is noted. However, it appears GI procedures are declining in the proposed service area. Please discuss why.

The inclusion of the most recent 2014-2016 JAR data indicates now that GI procedures at the listed facilities have increased significantly during the past three years.

7. Section B, Need Item 1(Specific Criteria –ASTC) Item 6

It is noted the average drive time from communities in the proposed service area to the project site is 34 minutes. However, the average from Table B calculates to 30.06 minutes. Please clarify.

Revised page 27R, attached after page Three of this letter, indicates that the average distance is 30.06 miles and the average drive time is 37.8 minutes.

Page Six
May 22, 2017

8. Section B, Need Item 1(Specific Criteria –ASTC) Item 8

- a. At what caseload size will Dr. Siddiq have to bring in additional physicians to handle the caseload?**
- b. Generally speaking, how will Dr. Siddiq split his time between office visits and performing surgery per week?**

These are best answered together. Dr. Siddiq estimates that he will spend 65% of his workweek in surgery at the proposed ASTC. The minutes available to him on that basis will be 65% of the 120,000 O.R. minutes available 5 days a week in the ASTC. This will be approximately 78,000 minutes of surgery time. At an average of 40 minutes for case turnaround, this would allow approximately 1,950 cases to be performed. Of course, he can also extend O.R. hours if he so chooses. He estimates that he could perform between 2,000 and 2,500 cases a year without requiring a second physician to cover referrals.

c. If endoscopy rates are increasing why are volumes declining?

The most recent 2014-2016 JAR data indicates that endoscopy case volumes are increasing; please see the responses to your questions #4 and #6a above.

9. Section B, Need, Item B, Item 3

The applicant skipped the two tables on page 10 of the HSDA application for historical and Projected Utilization. Please complete.

The historical table is not applicable because the applicant entity is a new entity without any operational history. The projected table's information is provided in Table B-Need-State Health Plan-8 on page 29 of the application. Attached after this page for your convenience is a revised page 36R with the projected table completed.

10. Section B, Economic Feasibility, Item B, 1 (B) Lease and Item 1 (C) Moveable Equipment

- a. The amount of \$252,000 allocated to moveable equipment in the Project Costs Chart is noted. However, please clarify if any equipment is over \$50,000. If so, please list.**

None of the items of equipment exceeds \$50,000 in cost.

The applicant does not have data on the service area counties' historical use of area facilities for endoscopic procedures. There is not a publicly available source for this data.

Service Area Counties	Historical Utilization by County Residents	% of Total Procedures
Totals		

Service Area Counties	Projected Utilization by County Residents--Yr 1	% of Total Procedures
Shelby	891	60%
Tipton	371	25%
Haywood	15	1%
Weakley	15	1%
Dyer	15	1%
<i>(Subtotal)</i>	<i>(1,307)</i>	<i>(88%)</i>
Other States & Cos	178	12%
Total All Counties	1,485	100.0%

Page Seven
May 22, 2017

b. The table on page 48 of the application list rent as \$2,475/month rather than \$1,800 as listed in the lease. Please clarify.

Page 3 of the submitted lease was an out-of-date page. The corrected page 3R indicating a monthly lease of \$2,475 is attached following this page. Also attached is a revised page 48R correcting the sixth lease year to a 7-month period consistent with the revised page 3R.

11. Section B, Economic Feasibility, Item B, Item 3 and 4

Page 50 appears to be omitted from the applicant's submitted application. Questions #3 and #4 appear to be missing. Please clarify.

The missing page is attached following this page.

12. Section C, Economic Feasibility, Item 4.

Please indicate the Year for Year One and Year Two and submit a revised Projected Data Chart.

The corrected Chart, page 51R, follows this page; Years One and Two are 2019-2020.

13. Section C, Economic Feasibility, Item 5A.

Please complete the following table for the top 3 CPT Codes that will be billed by the applicant in Year One (2018) to Medicare:

CPT Code	Description	2017 Medicare Physician Facility Reimbursement	2017 ASTC Medicare Reimbursement	2017 Hospital Outpatient Reimbursement (Rounded)
43239	EGD w/Biopsy	\$136.05	\$349.81	\$672
45378	Diagnostic Colonoscopy	\$181.09	\$333.76	\$668
45385	Colonoscopy w/lesion removal	\$249.79	\$438.69	\$875

May 23, 2017

1:30 pm

LEASE AGREEMENT

This Agreement made and entered into on this 1 day of March , 2017 between **BYTIQ GROUP, LLC** hereinafter referred to as "Lessor", and Horizon Surgery Center . Hereinafter referred to as "Lessee",

WITNESSETH:

Lessor does hereby lease to Lessee for a term of three (7) years commencing on June 1, 2017 and ending on December 31, 2023, **subjective to lessee's approval for CON from state of TN**, Lessor shall have an option at the end of initial lease at a price mutually agreed upon by both parties, the following described property, to-wit:

**340 Atoka McLaughlin Drive, Suite B
Atoka, Tennessee**

**SECTION ONE
RENT**

Lessee agrees to pay, without demand, to Lessor, as rent for the demised premises, the sum of \$2475.00 per month in advance on or before the **1st day** of each calendar month beginning **June 1, 2017** for **67 months** . The monthly installments of Base Rent and additional charges payable as rent shall be sent to the address or electronic transfer for payment of rent as set forth in this Lease Agreement.

If such installments are received later than five (5) days from due date, there will be a charge of TEN PERCENT (10%) over and above monthly lease rate.

**SECTION TWO
QUIET ENJOYMENT**

Lessor covenants that on paying the rent and performing the covenants herein contained, Lessee shall peacefully and quietly have, hold and enjoy the demised premises for the agreed term.

May 23, 2017**1:30 pm**

**ATOKA SURGERY CENTER
COMPARISON OF LEASE OUTLAY VS. FMV OF LEASED SPACE
SUPPLEMENTAL REVISION TO LEASE TERM**

SPACE LEASE OUTLAY--FIRST TERM--67 MONTHS			
First Term of Years	part of year	Monthly Rate	Annual Base Lease Outlay
Year 1	12 months	\$2,475.00	\$29,700.00
Year 2	12 months	\$2,475.00	\$29,700.00
Year 3	12 months	\$2,475.00	\$29,700.00
Year 4	12 months	\$2,475.00	\$29,700.00
Year 5	12 months	\$2,475.00	\$29,700.00
Year 6	7 months	\$2,475.00	\$17,325.00
1st Term Total			\$165,825.00

FPSC SPACE--FAIR MARKET VALUE		
FPSC Space	2,280 SF	usable same as rentable
Building Area	9,000 SF	Appraisal
FPSC % of Building	25.3%	FPSC Space / Building Space
Bldg and Land Cost	\$800,000	Based on 2014 appraisal
FPSC Space FMV	\$202,400	\$800,000 X 25.3%

May 23, 2017**1:30 pm**

3. Complete Historical Data Charts on the following pages--Do not modify the Charts or submit Chart substitutions!

Historical Data Chart represents revenue and expense information for the last three (3) years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. Only complete one chart if it suffices.

Note that “Management Fees to Affiliates” should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. “Management Fees to Non-Affiliates” should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

This application is for a new facility with no historic experience; so no Historic Data Chart has been prepared.

4. Complete Projected Data Charts on the following pages – Do not modify the Charts provided or submit Chart substitutions!

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the *Proposal Only* (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. Only complete one chart if it suffices.

Note that “Management Fees to Affiliates” should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. “Management Fees to Non-Affiliates” should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

Attached following this page is a Projected Data Chart for the Atoka Surgery Center. It will be completed and licensed in CY2018; so its first full calendar year of operation will be CY2019.

The facility will provide anesthesia through a contract with a certified registered nurse anesthetist, who will be in all area TennCare MCO's and who will do his or her own independent billing. That expense and revenue are not included in the Projected Data Chart because they are not part of this facility's financial operation.

May 23, 2017

1:30 pm

TOTAL FACILITY

PROJECT ONLY

PROJECTED DATA CHART --ATOKA ENDOSCOPY CENTER

Give information for the last three (3) years for which complete data are available for the facility or agency.

The fiscal year begins in January.

		Year 2019 (Year One)	Year 2020 (Year Two)
A. Utilization Data	Cases	1,485	1,619
	(Specify unit or measure)		
B. Revenue from Services to Patients			
1. Inpatient Services		\$ 0	\$ 0
2. Outpatient Services		1,806,281	1,969,272
3. Emergency Services		0	0
4. Other Operating Revenue		0	0
	(Specify) See notes page		
	Gross Operating Revenue	\$ 1,806,281	\$ 1,969,272
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments		\$ 1,078,315	1,175,618
2. Provision for Charity Care		18,063	19,693
3. Provisions for Bad Debt		63,220	68,925
	Total Deductions	\$ 1,159,598	\$ 1,264,236
NET OPERATING REVENUE		\$ 646,683	\$ 705,036
D. Operating Expenses			
1. Salaries and Wages			
a. Clinical		\$ 177,165	\$ 180,620
b. Non-Clinical		17,562	19,255
2. Physicians Salaries and Wages		0	0
3. Supplies		66,825	72,855
4. Rent			
c. Paid to Affiliates		29,700	29,700
d. Paid to Non-Affiliates		0	0
5. Management Fees			
a. Paid to Affiliates		0	0
b. Paid to Non-Affiliates		0	0
6. Other Operating Expenses	See notes page	124,662	131,751
	Total Operating Expenses	\$ 415,914	\$ 434,181
E. Earnings Before Interest, Taxes, and Depreciation		\$ 230,769	\$ 270,855
F. Non-Operating Expenses			
1. Taxes		\$ 2,340	\$ 2,340
2. Depreciation		97,998	97,998
3. Interest		50,638	46,437
4. Other Non-Operating Expenses		4,980	4,980
	Total Non-Operating Expenses	\$ 155,956	\$ 151,755
NET INCOME (LOSS)		\$ 74,813	\$ 119,100

Chart Continues Onto Next Page

Page Eight
May 22, 2017

14. Section C, Economic Feasibility, Item 6A.

The applicant references Attachment Section B-Economic Feasibility-6A for the applicant's financial documents. However, the attachment could not be located. Please provide.

The reference was in error. The need for the applicant's financial statements is waived because the financing is 100% from a commercial lender.

15. Section C, Economic Feasibility, Item 6A.

Please provide a capitalization ratio since the applicant is financing the proposed project through a commercial loan.

Not applicable; the financing is through a commercial loan.

16. Section B. Economic Feasibility Item 7

The applicant references a contract with a certified registered nurse anesthetist (CRNA). If possible, please identify the CRNA and discuss if there are any possible differences in insurance contracts from that of the applicant.

The individual is not identifiable but the anesthesia group is East Memphis Anesthesia Services, PLLC. Their letter of interest is in the Attachment Physician Board Certifications and Qualifications. Their letter substantiates that they will be in all TennCare contracts that the ASTC will be in. They are obviously also going to be contracted with Medicare. They will be required to be in the contracts in which the ASTC participates.

17. Proof of Publication

Please attach a full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

Please check with your front desk to see if it got separated from the filing after arrival in your office. A copy of the notice is the last page of the filing. It was made on the way downtown, at which time the folded page was put in the box with the filing fee. Nonetheless, we have requested an affidavit of publication and it will be sent to you under separate cover.

May 23, 2017**1:30 pm**

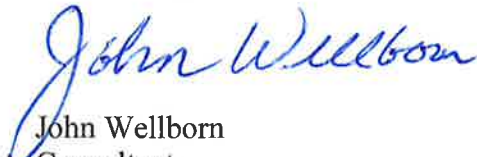
Page Nine
May 22, 2017

Additional Information at the Applicant's Initiative

Attached at the end of this letter is a revised page 22R, Table B-Need-State Health Plan-2, the case projections for the project. This corrects the typographical error in the second column, next to last row, changing Year 2 to Year 4.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please email or telephone me so that we can respond in time to be deemed complete.

Respectfully,



John Wellborn
Consultant

May 23, 2017

1:30 pm

Table B-Need-State Health Plan-2: Historical and Projected Endoscopic Surgical Cases Dr. M. Siddiq and Horizon Surgery Center								
	Calendar Year	Cases in Dr. Siddiq's Practice	Annual % Increase	% Performed in Atoka Surgery Center	Cases in Atoka Surgery Center	Case and Turnaround Minutes at 40 Min. Each	Minutes of Capacity, One O.R.	% Utilization of O.R.
Actual	2014	1,060	NA	0.0%	0			
Actual	2015	1,130	6.6%	0.0%	0			
Actual	2016	1,274	12.7%	0.0%	0			
Projected	2017	1,389	9.0%	0.0%	0			
Projected	2018	1,514	9.0%	0.0%	0			
Projected	Yr 1 2019	1,650	9.0%	90.0%	1,485	59,400	120,000	50%
Projected	Yr 2 2020	1,798	9.0%	90.0%	1,619	64,741	120,000	54%
Projected	Yr 3 2021	1,960	9.0%	90.0%	1,764	70,567	120,000	59%
Projected	Yr 4 2022	2,137	9.0%	90.0%	1,923	76,919	120,000	64%
Projected	Yr 5 2023	2,329	9.0%	90.0%	2,096	83,841	120,000	70%

Note: Case and turnaround minutes from Dr. M. Siddiq. O.R. capacity from State Health Plan.

May 23, 2017

1:30 pm

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY:

HORIZON SURGERY CENTER

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawful agent of the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge.

John Wellborn
Signature/Title
CONSULTANT

Sworn to and subscribed before me, a Notary Public, this the 22ND day of May, 2017, witness my hand at office in the County of DAVIDSON, State of Tennessee.

Jan M. Danforth
NOTARY PUBLIC

My commission expires July 2, 2018.

HF-0043

Revised 7/02



Supplemental #2

Horizon Surgery Center

CN1705-014

May 26, 2017

11:43 am

MAY 26 11:43 AM

May 26, 2017

Phillip M. Earhart, HSD Examiner
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application CN1705-014
Horizon Surgery Center, LLC

Dear Mr. Earhart:

This letter responds to your second supplemental request for additional information on this application. The items below are numbered to correspond to your questions. They are provided in triplicate, with affidavit.

1. Section B, Need Item 1(Specific Criteria -ASTC) Item 1 (Operating Rooms) and Item 2 (Procedure Rooms)

It is noted the single room procedure room will be constructed to Class B dimensions and requirements. Please respond to the following questions:

a. Please describe the 2010 Guidelines for Design and Construction of Health Care Facilities requirements for a Class B Operating Room.

Please see the summary page that is attached following the responses to your questions 1a-1g.

It is the applicant's understanding that these Guidelines are issued by FGI, the Facility Guidelines Institute, and that they are among several sources adopted by Tennessee's Board for Licensing Health Care Facilities, as licensure standards for health facilities. The applicant does not have the expertise to interpret them to the HSDA. The applicant has not located copies of Tennessee's standards on the web, only references to the Guidelines.

The attached summary page is published by the Georgia licensure program, which has adopted the referenced 2010 FGI Guidelines without change. The applicant has checked the room size requirements informally with architects, who have verified these as Tennessee's current standards. The FGI Guidelines document itself is not available to the applicant without an excessive investment.

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There are guidelines pertaining not only to space, but to the types of sedation recommended for each class of room. A higher class of room can perform any type of sedation recommended for its own class or for a lower class of room. The size standards are minimum, not limiting. Facilities are free to build whatever size of room they deem appropriate for present and future needs; they are only prohibited from performing certain types of sedation in rooms too small under these Guidelines.

The applicant has been told by two surgery center developers that the 2014 Guidelines, which will likely be adopted by the Licensure Board eventually, do not even specify room sizes. So Dr. Siddiq, looking to the future, is simply building a large enough room to meet any potential type of future need. To do less would be imprudent. AmSurg, the nation's largest ASTC operator, has told the applicant that currently they are designing their endoscopy operating rooms at a minimum of 200 SF and larger, based on physicians' expressed needs and the leeway provided by the Licensing standards that most States have adopted.

b. What type of minor or major surgeries can be performed in a Class B OR?

The applicant is a gastroenterologist. He can speak only for his specialty. All of the procedures described in his application are appropriate in either a Class A or Class B surgical room. The attached summary page of the 2010 Guidelines states that Class B rooms are appropriate for "minor or major surgical procedures performed in conjunction with oral, parenteral, or intravenous sedation or under analgesic or dissociative drugs." So it is appropriate for Dr. Siddiq to construct a Class B room if he so chooses.

c. What are the differences in a Type A, Type B, and Type C OR?

The space differences are respectively, minimums of 150, 250, and 400 SF of clear floor space. The differences in allowable anesthesia are spelled out on that page. This proposal complies with the standards for both Class B and Class A OR's.

Page Three
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d. Other than the increased space in a Type B OR, how will the proposed OR adhere to sterile OR guidelines?

The applicant believes that O.R. space sterility is not required during endoscopy procedures regardless of the class of OR. A room's clinical use, not its floor space, determines the need to provide sterile space. If another specialty requiring sterility should be approved to share use of Dr. Siddiq's room in the future, the O.R. would be sterilized in conformity to those particular licensing standards, for any time periods it is used by that other specialty.

e. What is included in the \$20,000 cost to the applicant to build a Class B OR rather than a Class A OR?

That was calculated by multiplying the additional 100 SF of space by \$200 PSF as an estimate of the construction cost increase associated with this. It is just an estimate.

f. Does the applicant plan to add sterile OR specialties in the future? If so, how will endoscopies requiring a non-sterile environment impact the one OR?

The applicant has no such plans whatsoever. No such conversations have taken place, or are anticipated in the foreseeable future. However, considering the "landlocked" location of the project within a small building, it seems very prudent from a business standpoint to size the O.R. for use by another specialty that would need a sterile environment and a space that large. This is only good facility planning. Please note that a Class B O.R. is only a room about 16' by 16", as opposed to a Class A room that is slightly larger than 12' by 12'.

g. What is the square footage of the proposed OR?

250 SF.

What size Operating Room do you need for your Ambulatory Surgery Center?

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- _____ Class A – 150 Square feet minimum clear floor area, 12 foot minimum clear dimension, 3'-6" clearance at both sides, the foot and the head of the operating table
- _____ Class B – 250 Square feet minimum clear floor area, 15 foot minimum clear dimension, 3'-6" clearance at both sides, the foot and the head of the operating table
- _____ Class C – 400 Square feet minimum clear floor area, 18 foot minimum clear dimension, 4'-0" clearance at both sides, the foot and the head of the operating table

2010 Guidelines for Design and Construction of Health Care Facilities

A3.7-3.3.1.2 Operating room definitions

a. American College of Surgeons Surgical Facility Classes

The following definitions are adapted from the American College of Surgeons publication 04GR-0001: *Guidelines for Optimal Ambulatory Surgical Care and Office-Based Surgery*, which was developed by the Board of Governors Committee on Ambulatory Surgical Care and published in May 2000.

Class A: Provides for minor surgical procedures performed under topical and local infiltration blocks with or without oral or intramuscular preoperative sedation. (Excluded are procedures that make use of spinal, epidural axillary, and stellate ganglion blocks; regional blocks (e.g., interscalene) and supraclavicular, infraclavicular, and intravenous regional anesthesia.) These procedures are also appropriately performed in Class B and C facilities.

Class B: Provides for minor or major surgical procedures performed in conjunction with oral, parenteral, or intravenous sedation or under analgesic or dissociative drugs. These procedures are also appropriately performed in Class C facilities.

Class C: Provides for major surgical procedures that require general or regional block anesthesia and support of vital bodily functions.

b. American Society of Anesthesiologists Continuum of Depth of Sedation

The level of sedation/analgesia is defined by the American Society of Anesthesiologists in "Continuum of Depth of Sedation, Definition of General Anesthesia and Levels of Sedation/Analgesia," which was approved by the ASA House of Delegates on October 13, 1999, and amended on October 17, 2004.

General anesthesia is a drug-induced loss of consciousness during which patients are not arousable, even by painful stimulation. The ability to independently maintain ventilatory function is often impaired. Patients often require assistance in maintaining a patent airway, and positive pressure ventilation may be required because of depressed spontaneous ventilation or drug-induced depression of neuromuscular function. Cardiovascular function may be impaired.

Deep sedation/analgesia is a drug-induced depression of consciousness during which patients cannot be easily aroused but respond purposefully following repeated or painful stimulation. (Reflex withdrawal from a painful stimulus is *not* considered a purposeful response.) The ability to independently maintain ventilatory function may be impaired. Patients may require assistance in maintaining a patent airway, and spontaneous ventilation may be inadequate. Cardiovascular function is usually maintained.

Moderate sedation/analgesia ("conscious sedation") is a drug-induced depression of consciousness during which patients respond purposefully to verbal commands, either alone or accompanied by light tactile stimulation. No interventions are required to maintain a patent airway, and spontaneous ventilation is adequate. Cardiovascular function is usually maintained.

Minimal sedation (anxiolysis) is a drug-induced state during which patients respond normally to verbal commands. Although cognitive function and coordination may be impaired, ventilatory and cardiovascular functions are unaffected.

Page Four
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2. Section B, Need Item 1(Specific Criteria -ASTC) Item 4 Need and Economic Efficiencies, Table B-Need-5 Part A.

a. The table on page 25R is noted. However, the total 2016 endoscopy cases of 3,126 appear to be incorrect for Surgery Center of St. Francis. The correct amount appears to be 1,220 of 3,126 total cases for 2016. Also, there appears to be addition errors in the table. Please verify. If correct, the 115.2% of the 1,867 standard for 2016 will need to be revised. If necessary, please provide replacement pages that previously referenced the 115.2% utilization percentage.

This table and the same table (different title) on page 41R have been revised and attached as revised pages 25R2 and 41R2, following this response. They have not been corrected so much as clarified and with new column and row titles.

The tables showed total cases (not just endoscopies) for the four facilities that were operational in 2016, excluding the now-closed facility in the first row. Those were correct numbers, showing the overall growth for those four facilities, and showing the 2016 procedure room occupancy as 115% percent of the 1,867 standard for procedure rooms.

In the further revised tables, an additional row has been added to show growth for all cases done in the procedure rooms of all five facilities. It shows that the cases overall increased .5%.

The St. Francis number is correct for the purpose of the tables. The tables do not show just endoscopy cases. They show all cases done in procedure rooms at these facilities. That is the only way to address the 1,867-case standard, is based on all cases performed in procedure rooms.

It is not possible to track growth of all endoscopy cases performed in the service area, because a number are still being done in hospitals and these are “invisible” in publicly available data such as Joint Annual Reports for Hospitals.

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**2ND SUPPLEMENTAL Table B-Need-State Health Plan-4: Utilization of Procedure Rooms at Accessible ASTC's in the Service Area
of Horizon Surgery Center**

State ID	PROVIDER	ADDRESS	TYPE OF ASTC	COUNTY	PROCEDURE ROOMS IN 2016	PROCEDURE ROOM CASES (ALL TYPES) IN 2014	PROCEDURE ROOM CASES (ALL TYPES) IN 2015	PROCEDURE ROOM CASES (ALL TYPES) IN 2016	% OF ASTC PROCEDURE ROOM UTILIZATION (1,867 CASES) IN 2016	% CHANGE IN UTILIZATION 2014-2016
79720	Endoscopy Cntr of the Mid-South (1)	3960 Knight Arnold, Suite 117	GI	Shelby	0	2,264	2,022	0	N/A	N/A
79604	GI Diagnostic & Therapeutic Center	1310 Wolf Park Drive, Germantown	GI	Shelby	6	16,230	15,128	15,228	135.9%	-6.2%
79632	Memphis Gastro Endo Center East (2)	8000 Wolf River Blvd., Germantown	GI	Shelby	6	9,613	9,525	10,480	93.6%	9.0%
79645	Mid-South Gastroenterology Group (3)	1417 Monroe Ave., Memphis	GI	Shelby	3	6,440	7,506	7,737	138.1%	20.1%
79724	Surgery Center at St. Francis (4)	5999 Park Avenue, Memphis	Multispec	Shelby	2	1,848	1,118	3,126	83.7%	69.2%
	Totals, 4 Facilities Operational in 2016 (FILED 2016 JAR)				17	34,131	33,277	36,571	115.2%	7.1%
	Totals, 5 Facilities, All Procedures in Procedure Rooms				17	36,395	35,299	36,571	115.2%	0.5%

Notes:

1. NOT OPERATIONAL NOW. Closed down in 2017; no JAR on file for 2016.
2. Memphis Gastroenterology Endoscopy East merged with GI Diagnostic and Therapeutic Center in 2015 and took latter's name; both facilities still operating. Marketed as Gastro One.
3. MidSouth Gastroenterology is also known as Bowden Surgery Center.
4. Surgery Center of St. Francis is not an option for this applicant because it does not take TennCare (TnCare is 4/1000ths of one percent of its gross revenues).

May 26, 2017

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**2ND SUPPLEMENTAL Table B-Need-5-Part A: Utilization of Procedure Rooms at Accessible ASTC's in the Service Area
of Horizon Surgery Center**

State ID	PROVIDER	ADDRESS	TYPE OF ASTC	COUNTY	PROCEDURE ROOMS IN 2016	PROCEDURE ROOM CASES (ALL TYPES) IN 2014	PROCEDURE ROOM CASES (ALL TYPES) IN 2015	PROCEDURE ROOM CASES (ALL TYPES) IN 2016	% OF ASTC PROCEDURE ROOM UTILIZATION STANDARD (1,867 CASES) IN 2016	% CHANGE IN UTILIZATION 2014-2016
79720	Endoscopy Cntr of the Mid-South (1)	3960 Knight Arnold, Suite 117	GI	Shelby	0	2,264	2,022	0	NA	NA
79604	GI Diagnostic & Therapeutic Center	1310 Wolf Park Drive, Germantown	GI	Shelby	6	16,230	15,128	15,228	135.9%	-6.2%
79632	Memphis Gastro Endo Center East (2)	8000 Wolf River Blvd, Germantown	GI	Shelby	6	9,613	9,525	10,480	93.6%	9.0%
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Notes:

1. NOT OPERATIONAL NOW. Closed down in 2017; no JAR on file for 2016.
2. Memphis Gastroenterology Endoscopy East merged with GI Diagnostic and Therapeutic Center in 2015 and took latter's name; both facilities still operating. Marketed as Gastro One.
3. MidSouth Gastroenterology is also known as Bowden Surgery Center.
4. Surgery Center of St. Francis is not an option for this applicant because it does not take TennCare (TnCare is 4/1000ths of one percent of its gross revenues).

May 26, 2017**11:43 am**

Page Five
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b. The street address for Mid-South Gastroenterology in Table B-Need-5 Part A on page 25R appears to be incorrect. If necessary, please revise.

That typographical error has been changed on both tables. The street address is 1417, not 14178, Monroe Avenue.

c. Please verify the following table: (omitted from this response)

Your data entries appear to be accurate. However, at the bottom of the table it would be more accurate to label the rows not as "Total Service Area" but rather as "Total of Listed Facilities"--because that is all the data shows. It does not include endoscopies that may have been performed in the large number of area hospitals, because the Hospital JAR's do not require hospitals to report cases by specialties. It is not possible to fully identify the number of endoscopy cases being performed at all facilities in this five county service area, using publicly available information.

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Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please email or telephone me so that we can respond in time to be deemed complete.

Respectfully,

A handwritten signature in blue ink that reads "John Wellborn". The signature is written in a cursive, flowing style. The first letter "J" is large and loops around the first part of the name. The last name "Wellborn" is written in a similar cursive style.

John Wellborn
Consultant

May 26, 2017

11:43 am

MAY 26 11:43 AM '17

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

JOHN WELLBORN, being first duly sworn, says that he is the lawful agent of the applicant named in this application, that this project will be completed in accordance with the application to the best of the agent's knowledge, that the agent has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete to the best of the agent's knowledge.

John J. Wellborn
SIGNATURE/TITLE
CONSULTANT

Sworn to and subscribed before me this 26th day of May, 2017 a Notary
(Month) (Year)

Public in and for the County/State of DAVIDSON

[Signature]
NOTARY PUBLIC

My commission expires July 2, 2018
(Month/Day) (Year)

